

**China Suntien Green Energy Corporation Limited \***

新天綠色能源股份有限公司

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

**Articles of Association  
(Effective upon the Listing of A Shares)**

**\* For identification purpose only**

*These Articles of Association are prepared in Chinese. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.*

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Note: Company Law refers to the Company Law of the People's Republic of China (amended in 2018), "**Prerequisite Clauses**" refers to the "Articles of Association of Companies Seeking a Listing Outside the PRC Prerequisite Clauses" (Zheng Wei Fa [1994] No. 21) jointly promulgated by the former Securities Committee of the State Council and the former State Commission for Restructuring the Economic Systems; "**Letter of Supplementary Amendment Advice**" refers to the "Letter of Supplementary Amendment Advice on the Articles of Association of Companies Seeking a Listing in Hong Kong" (Zheng Jian Hai Han [1995] No. 1) jointly promulgated by the Overseas Listing Department of China Securities Regulatory Commission and the Production System Division of the former State Commission for Restructuring the Economic Systems; "**Guidelines for Articles of Association**" refers to the "Guidelines for Articles of Association of Listed Companies (amended in 2019)" promulgated by China Securities Regulatory Commission; "**Listing Rules**" refers to the "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited". "**Appendix 3 of the Main Board Listing Rules**" refers to Appendix 3 of the Listing Rules issued by The Stock Exchange of Hong Kong Limited; "**Appendix 13D of the Main Board Listing Rules**" refers to section D of Appendix 13 to the Listing Rules issued by The Stock Exchange of Hong Kong Limited as specified in the margin of these Articles of Association.

# China Suntien Green Energy Corporation Limited

## Articles of Association

### Chapter 1 General Principles

**Article 1** In order to safeguard the lawful rights and interests of China Suntien Green Energy Corporation Limited (hereinafter referred to as the “Company”) and its shareholders and creditors, regulate the Company’s organization and behaviour, the Articles of Association are stipulated in accordance with the “Company Law of the People’s Republic of China” (hereinafter referred to as the “Company Law”), the “Securities Law of the People’s Republic of China” (hereinafter referred to as the “Securities Law”), the “Special Regulations of the State Council Concerning the Overseas Share Subscription and Listing of Joint Stock Limited Companies” (hereinafter referred to as the “Special Regulations”), the “Articles of Association of Companies Seeking a Listing Outside the PRC Prerequisite Clauses” (the “Prerequisite Clauses”), the “Letter of Supplementary Amendment Advice on the Articles of Association of Companies Seeking a Listing in Hong Kong”, the “Guidelines for Articles of Association of Listed Companies” (the “Guidelines for Articles of Association”), the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (the “Hong Kong Listing Rules”), the “Rules Governing the Listing of Stocks on the Shanghai Stock Exchange” (the “SSE Listing Rules”) and other relevant requirements.

Article 1 of Prerequisite Clauses  
Article 1 of Guidelines for Articles of Association

**Article 2** The Company is a joint stock limited company established in accordance with the Company Law, the Special Regulations and other relevant laws and administrative regulations of the PRC.

Article 1 of Prerequisite Clauses  
Article 2 of Guidelines for Articles of Association

The Company was established by way of promotion with the approval of the State-owned Assets Supervision and Administration Commission of the People’s Government of Hebei Province under Circular Ji Guo Zi Fa Gai Ge Fa Zhan [2009] No. 198, registered with Commerce and Administration Bureau in Hebei Province on 9th February 2010.

Section 1(a) of Appendix 13D of the Main Board Listing Rules

The promoters of the Company are: Hebei Construction & Investment Group Co., Ltd. and HECIC Water Investment Co., Ltd.

Unless expressed otherwise, Prerequisite Clauses and Letter of Supplementary Amendment Advice mentioned hereinafter shall be deemed as simultaneously mentioning Section 1(a) of Appendix 13D of the Main Board Listing Rules.

With the authorisation of the China Securities Regulatory Commission, the Company conducted initial public offering of 1,238,435,000 RMB ordinary shares to the public on 1 September 2010, which became listed on the Main Board of the Hong Kong Stock Exchange on 13 October 2010.

Article 3 of Guidelines for Articles of Association

With the approval of the China Securities Regulatory Commission, the Company conducted initial public offering of [•] RMB ordinary shares to the public on [•], which became listed on the Shanghai Stock Exchange on [•].

**Article 3** Registered Chinese name of the Company: 新天綠色能源股份有限公司 Article 2 of Prerequisite Clauses

Registered English name of the Company: China Suntien Green Energy Corporation Limited Article 4 of Guidelines for Articles of Association

**Article 4** The Company's Address: No.9 Yuhua West Road, Shijiazhuang City Article 3 of Prerequisite Clauses  
Postcode: 050051 Article 5 of Guidelines for Articles of Association  
Telephone: 0311-85288876  
Fax: 0311-85288876

**Article 5** The chairman of the Company is the legal representative of the Company. Article 4 of Prerequisite Clauses  
Article 8 of Guidelines for Articles of Association

**Article 6** The Company is a joint stock limited company of perpetual existence. Article 5 of Prerequisite Clauses

The Company is an independent legal entity with independent legal properties, enjoys legal property rights, enjoys civil rights and is liable to civil responsibilities according to the law. Article 7 of Guidelines for Articles of Association

All the capital of the Company shall be divided into equal shares. Shareholders of the Company are liable to the extent of their capital contribution, and the Company is liable for its debts to the extent of all of its assets. Article 9 of Guidelines for Articles of Association

**Article 7** The Articles of Association are passed by the special resolution of the general meeting of the Company, and shall become effective on the day on which the A Shares of the Company become listed on the Shanghai Stock Exchange. Article 6 of Prerequisite Clauses

Once the Articles of Association have been effective, it shall become a legally binding document to standardize the organization and activities of the Company, the rights and obligations between the Company and its shareholders, and among its shareholders. Article 10 of Guidelines for Articles of Association

**Article 8** The Articles of Association shall have binding effect on the Company and its shareholders, directors, supervisors, president and other senior management, and the aforesaid personnel shall be entitled to assert their rights on matters in relations to the Company in accordance with the Articles of Association. Article 7 of Prerequisite Clauses  
Article 10 of Guidelines for Articles of Association

Subject to Article 255 of the Articles of Association, shareholders may institute legal proceedings against the Company in accordance with the Articles of Association; the Company may institute legal proceedings against its shareholders in accordance with the Articles of Association; shareholders may institute legal proceedings against the other shareholders in accordance with the Articles of Association; shareholders of the Company may institute legal proceedings against the directors, supervisors, president and other senior management of the Company in accordance with the Articles of Association.

The "legal proceedings" mentioned in the preceding paragraph shall include court proceedings or arbitration proceedings. Article 11 of Guidelines for Articles of Association

"Other senior management" mentioned in the preceding paragraph includes vice president, chief accountant, general engineer, and secretary of board of directors.

**Article 9** Subject to the approval of the relevant governmental authority, the Company shall set up subsidiaries, branches, representative office and offices out of the PRC and in Taiwan, the special administrative regions such as Hong Kong and Macau based on the business requirement of the Company itself.

**Article 10** The Company may invest in other enterprises. However, unless it is otherwise provided for by any law, it shall not become a capital contributor that shall bear several and joint liabilities for the debts of the enterprises in which it invests.

Section 15 of Company Law  
Article 8 of Prerequisite Clauses

**Article 11** In accordance with the requirements of the “Constitution of the Communist Party of China”, an organisation of the Communist Party of China shall be established and play the leadership role of the Company, providing direction, managing the overall situation and ensuring implementation. A working committee of the Party shall be established within the Company, and shall be equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organisation.

## Chapter 2 Purpose and Scope of Business

**Article 12** The Company’s business purpose is: based on the growing requirement for electricity due to healthy, stable and sustainable development of domestic economy, rely on both domestic and foreign advanced technology and modernized management experience, to invest and exploit new energy such as wind and solar energy, so as to provide clean electric power for the society; to invest in project of natural gas exploiting facility, to promote the utilization and development of clean energy, to participate in the creation of social prosperity and promotion of social progress, to build an outstanding corporate image with health, excellence and a sense of social responsibility.

Article 9 of Prerequisite Clauses  
Article 12 of Guidelines for Articles of Association

**Article 13** The scope of business of the Company shall be based on the projects approved by the company examination and approval department and examined by the industry and commerce administrative authorities.

Article 10 of Prerequisite Clauses  
Article 13 of Guidelines for Articles of Association

The principle business of the Company include: investing in projects of new energy such as wind, solar and nuclear energy, investing in project of manufacturing environmental friendly electricity facility, investing in project of exploiting natural gas, liquefied natural gas, compressed natural gas, coal gas and coal bed methane (other than the projects restricted or eliminated by the State); providing technical development of new energy and clean energy, technical service and technical consultation.

The Company is allowed to adjust the scope of business based on the demands of both domestic and international markets, the development capability and business requirement of the Company itself.

## Chapter 3 Shares, Transfer of Shares and Registered Capital

**Article 14** The Company may, at any time, issue ordinary shares; the Company may, in accordance with requirements and subject to the approval by the company examination and approval department as authorised by the State Council, issue other classes of shares.

Article 11 of Prerequisite Clauses  
Section 9 of Appendix 3 of the Main Board Listing Rules

**Article 15** The shares of the Company may take the form of share certificate. Shares issued by the Company shall have a par value, the nominal value of each share shall be RMB 1.

Article 12 of Prerequisite Clauses  
Article 14 of Guidelines for Articles of Association

RMB as mentioned in the preceding paragraph shall refer to the legal currency of the People's Republic of China.

Article 16 of Guidelines for Articles of Association

**Article 16** The share of the Company shall be issued in accordance with the open, fair and impartial principles that each share of the same class shall enjoy equal rights.

Section 9 of Appendix 3 of the Main Board Listing Rules

The issue terms and price of each share of the same class shall be the same when issued at the same time; the paid up amount of each subscription share as subscribed by any unit or individual shall carry the same price.

Article 15 of Guidelines for Articles of Association

**Article 17** Subject to approval by the competent securities authority of the State Council, the Company may issue shares to domestic and overseas investors.

Article 13 of Prerequisite Clauses

“Overseas investors” as mentioned in the preceding paragraph shall refer to investors from foreign countries or from Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company; “domestic investors” shall refer to investors within the territory of the People's Republic of China other than the aforesaid regions who subscribe for shares issued by the Company.

**Article 18** Shares issued by the Company in RMB to domestic investors are called domestic shares. Shares issued by the Company to overseas investors and subscribed in foreign currency are called foreign invested shares. Foreign invested shares which are listed overseas are called foreign invested shares listed overseas.

Article 14 of Prerequisite Clauses  
Section 9 of Appendix 3 of the Main Board Listing Rules

“Foreign currency” as mentioned in the preceding paragraph shall refer to other countries' or regions' legal currencies approved by the national competent department in charge of foreign exchange and payable for the Company's shares other than renminbi.

The foreign listed shares of the Company listed in Hong Kong are called H shares. H share represents the share to be listed on the Hong Kong Stock Exchange after approval, with nominal value in renminbi, subscribed and traded in Hong Kong dollars.

Subject to the approval by the securities regulatory authority of the State Council, the holders of the domestic shares of the Company may transfer their shares to overseas investors, and such transferred shares may be listed and traded on an overseas stock exchange. The listing and trading of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, regulations and requirements of the overseas stock market. The listing and trading of the transferred shares on an overseas stock exchange is not subject to voting by separate class shareholders' meeting.

**Article 19** Subject to the approval by the company examination and approval authority as authorised by the State Council, the Company issued 2,000,000,000 shares of ordinary shares to the promoters since establishment, amongst other, Heibi Construction & Investment Group Co., Ltd. has subscribed for and is holding 1,600,000,000 shares (representing 80% of the total issued ordinary shares) and HECIC Water Investment Co., Ltd. has subscribed for and is holding 400,000,000 shares (representing 20% of the total issued ordinary shares).

Article 15 of  
Prerequisite Clauses  
Article 19 of  
Guidelines for Articles  
of Association

After the Company has been established and subject to the approval by the China Securities Regulatory Commission, the Company is allowed to issue foreign listed shares. At the same time of issuance of foreign listed shares, the state-owned shareholder of the Company has transferred not more than 123,844,000 state-owned shares to the National Social Security Fund Council in accordance with the relevant national requirement in relation to reduction of holding of state-owned shares.

Article 16 of  
Prerequisite Clauses  
Article 19 of  
Guidelines for  
Articles of  
Association

After completion of the issuance of the aforesaid foreign invested shares listed overseas, the Company's equity capital structure was: Hebei Construction & Investment Group Co., Ltd. held 1,500,924,800 shares, accounting for 46.35% of all the ordinary shares; HECIC Water Investment Co., Ltd. held 375,231,200 shares, accounting for 11.59% of all the ordinary shares; the National Social Security Fund Council held 123,844,000 shares, accounting for 3.82% of all the ordinary shares; shareholders of H shares held 1,238,435,000 shares, accounting for 38.24% of all the ordinary shares.

In January 2014, as approved by the China Securities Regulatory Commission, the Company issued an additional 476,725,396 foreign invested shares listed overseas to no more than 10 overseas investors by way of private placing. After completion of such issuance of shares, the Company's equity capital structure is: Hebei Construction & Investment Group Co., Ltd. holds 1,500,924,800 shares, accounting for 40.40% of all the ordinary shares; HECIC Water Investment Co., Ltd. holds 375,231,200 shares, accounting for 10.10% of all the ordinary shares; the National Social Security Fund Council holds 123,844,000 shares, accounting for 3.33% of all the ordinary shares; shareholders of H shares hold 1,715,160,396 shares, accounting for 46.17% of all the ordinary shares.

In July 2015, as approved by the State-owned Assets Supervision and Administration Commission of the State Council, HECIC Water Investment Co., Ltd. transferred 375,231,200 domestic shares of the Company to its controlling shareholder Hebei Construction & Investment Group Co., Ltd. by administrative allocation at nil consideration. After completion of such transfer of shares, the Company's equity capital structure is: Hebei Construction & Investment Group Co., Ltd. holds 1,876,156,000 shares, accounting for 50.50% of all the ordinary shares; shareholders of H shares hold 1,839,004,396 shares, accounting for 49.50% of all the ordinary shares.

With the approval of the China Securities Regulatory Commission, the Company conducted initial public offering of [•] RMB ordinary shares to the public on [•]. After completion of such issuance, the Company's equity capital structure is: the Company has a total share capital of [•] shares, including [•] A Shares, representing [•]% of the total share capital of the Company and [•] H Shares, representing [•]% of the total share capital of the Company.

**Article 20** Where the Company has a scheme approved by the competent securities authority of the State Council to issue foreign invested shares listed overseas and domestic shares, the board of directors of the Company may implement arrangements to make separate issue.

Article 17 of  
Prerequisite Clauses

A scheme for the separate issue of foreign invested shares listed overseas and domestic shares prepared by the Company in accordance with the preceding paragraph may be implemented separately within fifteen (15) months from the date on which the issue scheme is approved by the competent securities authority of the State Council.



**Article 21** If the Company separately issues foreign invested shares listed overseas and domestic shares with the total number of shares fixed in the Company's issue scheme, foreign invested shares listed overseas and domestic shares shall separately be subscribed in full at one time. Under special circumstances, where the total number of shares in each issue cannot be entirely subscribed in full at one time, such shares may, subject to approval by the competent securities authority of the State Council, be issued in installments.

Article 18 of  
Prerequisite Clauses

**Article 22** The registered capital of the Company is RMB[•].

Article 19 of  
Prerequisite Clauses

The domestic shares issued by the Company are centrally deposited with the China Securities Depository and Clearing Corporation Limited. The foreign invested shares listed overseas issued by the Company are deposited in accordance with Article 41 of the Articles of Association.

**Article 23** The Company may, in accordance with the requirements of its business operations and development, increase its capital with approval as stipulated in the Articles of Association.

Article 20 of  
Prerequisite Clauses  
Article 21 of Guidelines  
for Articles of  
Association

The Company may adopt the following methods to increase its capital:

- (1) issue new shares to non-designated investors for subscription;
- (2) conduct a rights issue of new shares to the existing shareholders and/or designated investors;
- (3) conduct a bonus issue of new shares to the existing shareholders;
- (4) conversion of capital reserve; or
- (5) other methods as approved by laws, administrative regulations and competent securities department of the State Council.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations of the State.

After the increase or reduction of the Company's registered capital, the Company shall register and announce the alteration in its former industry and commerce administrative authorities.

**Article 24** Unless the laws and administrative regulations stipulate otherwise, shares of the Company may be subject to free assignment and shall have no lien attached.

Article 21 of  
Prerequisite Clauses  
Article 26 of Guidelines  
for Articles of  
Association  
Section 19A.46 and  
Section 1(2) of  
Appendix 3 of the Main  
Board Listing Rules



**Article 25** The Company shall not accept its shares as subject matter of pledge.

Article 27 of Guidelines for Articles of Association

**Article 26** Shares of the Company held by the promoters shall not be transferred within one (1) year commencing from the date of incorporation of the Company. Shares of the Company that are already in issue prior to their public offering shall not be transferred within one (1) year commencing from the date on which the shares of the Company were listed and traded on a stock exchange.

Article 28 of Guidelines for Articles of Association

The directors, supervisors and senior 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 a director, supervisor or senior officer may transfer every year during his term of office shall not exceed 25% of the total number of the Company's shares in his or her possession; and shares of the Company in his or her possession shall not be transferred within one (1) year commencing from the date on which the shares of the Company were listed and traded on a stock exchange. Such personnel shall not transfer the Company's shares in their possession within six (6) months after they have terminated their employment with the Company.

**Article 27** Any gains from the sale of shares of the Company by any Company's Director, Supervisor, senior management or shareholders holding 5% or more of the shares in the Company within six (6) months after purchasing such shares, or any gains from repurchasing such shares in the Company within six (6) months after the sale thereof, shall be vested in by the Company. The board of the Company shall seize such gains from the abovementioned parties. If the transfer restriction provision hereof involves H shares, then approval from the Hong Kong Stock Exchange is needed. However if a securities company underwrites the unsold shares, thereby holding more than 5% of the shares, the sale of these shares shall not be subject to the said 6 months restriction.

Article 29 of Guidelines for Articles of Association Rule 19A.46 and Section 1(2) of Appendix 3 of the Main Board Listing Rules

If the board of directors fails to comply with the provision set forth in the preceding paragraph, the shareholders shall have the right to request the board to do so within 30 days. If the board fails to comply within the aforesaid period, the shareholders shall be entitled to bring legal actions to the court in their own names for the interest of the Company.

If the board of directors fails to comply with the first paragraph, the responsible directors shall bear the joint and several liabilities according to law.

## Chapter 4 Reduction of Capital and Buyback of Shares

**Article 28** The Company may reduce its registered capital. Any reduction of the Company's registered capital shall be dealt with in accordance with the Company Law, other related regulations and provisions of the Articles of Association.

Article 22 of Prerequisite Clauses Article 22 of Guidelines for Articles of Association

**Article 29** When the Company reduces its registered capital, it shall prepare a balance sheet and inventory of assets.

Article 23 of Prerequisite Clauses Article 176 of Guidelines for Articles of Association Rule 19A.46 and Section 7(1) of Appendix 3 of the Main Board Listing Rules

Within ten (10) days after the resolution of proposing a reduction of registered capital, the Company shall notify the creditors and a public announcement shall be made in the press as recognized by the stock exchange where the Company's shares are listed within thirty (30) days. A creditor shall, within thirty (30) days of receipt of such a notice or within forty-five (45) days of the public announcement where the creditor has not received the notice, have the right to request the Company to settle its claim or provide a relevant debt repayment guarantee.

The registered capital after its reduction shall not be less than the statutory minimum amount.

**Article 30** In the following circumstances, the Company can buy back shares of the Company pursuant to the statutory procedures and in accordance with laws, administrative regulations, departmental regulations, the rules governing the listing of securities on securities exchanges and these Articles:

Article 24 of  
Prerequisite Clauses  
Article 23 of Guidelines  
for Articles of  
Association

- (1) when canceling shares in order to reduce its capital;
- (2) when merging with other companies which hold the Company's shares;
- (3) to utilize shares in the employee share ownership plan or for share incentive;
- (4) when a shareholder opposing the Company's merger or division during the shareholders' meeting requests the Company to buy back his shares;
- (5) to utilize the shares for conversion of corporate bonds issued by the Company that are convertible into shares;
- (6) where it is necessary for the Company to safeguard the value of the Company and the interests of its shareholders.

Except for the above circumstances, the Company is not allowed to buy or sell its own shares.

**Article 31** Subject to the fulfillment of provisions of laws, administrative regulations, departmental rules, the rules governing the listing of securities on securities exchanges and these Articles, and upon approval by the State department in charge, the following methods may be adopted to buy back shares:

Article 25 of  
Prerequisite Clauses  
Article 24 of Guidelines  
for Articles of  
Association

- (1) issue a buyback offer to all shareholders according to an equal percentage;
- (2) through means of open trading at the stock exchange;
- (3) through means of an agreement outside the stock exchange; or
- (4) through other means approved by related supervisory department.

If the Company acquires its own shares under the circumstances described in items (3), (5) and (6) of Article 30 of these Articles, it shall conduct such buybacks through centralized public transaction.

**Article 32** Where the Company repurchases its shares by an off-market contract, it shall seek prior approval of shareholders at a general meeting in accordance with the Articles of Association. The Company may rescind or vary such contract or waive any of its rights under a contract so entered into by the Company with the prior approval of shareholders at a general meeting in the same manner.

Article 26 of  
Prerequisite Clauses

The "contract to repurchase shares" mentioned above includes (but is not limited) to an agreement to become obliged to repurchase or acquire rights to repurchase shares.

The Company shall not assign a contract to repurchase its shares or any of its rights thereunder.

Where the Company has the power to repurchase redeemable shares, repurchases not made through the market or by tender shall be limited to a maximum price; if repurchases are by tender, the tender shall be made available to all shareholders alike.

Section 8(1), (2) of Appendix 3 of the Main Board Listing Rules

**Article 33** If the Company acquires its own shares under the circumstances described in (1) and (2) of Article 30 of these Articles, it shall obtain approval of the general meeting by way of resolution; if the Company acquires its own shares in (3), (5) and (6) of Article 30 of these Articles, it shall obtain approval by way of resolution at the board meeting attended by more than two-thirds directors.

Article 27 of Prerequisite Clauses Article 25 of Guidelines for Articles of Association

After the Company acquires its own shares according to Article 30 of these Articles, it shall cancel the shares it has acquired within 10 days after the acquisition if such acquisition is made under the circumstances as described in (1) of Article 30; if the acquisition is made under the circumstances as described in (2) or (4) of Article 30, it shall transfer or cancel the shares it has acquired within 6 months after the acquisition. In case of the circumstances as stated in (3), (5) or (6) of Article 30, the total shares of the Company held by the Company shall not exceed 10% of its total shares in issue and the shares it has acquired shall be transferred or cancelled within 3 years after the acquisition. However, if laws, administrative regulations, departmental regulations, and the rules governing the listing of securities on securities exchanges requires otherwise, such provisions shall apply.

The Company shall cancel that portion of shares due to repurchase of shares and shall make an application to its original registration authority to modify the registration on its registered capital. The aggregate par value of the cancelled shares shall be offset against the registered capital of the Company.

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

Article 28 of Prerequisite Clauses

(i) Where the Company repurchases its shares at par value, payment shall be made out of the book surplus distributable profits of the Company and out of the proceeds from any issue of new shares made for the purpose of the repurchase;

(ii) When the Company repurchases its shares at a premium to the par value, payment up to their par value may be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made from the purpose of the repurchase. Payment of the portion in excess of the par value shall be handled as follows:

(1) if the Shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;

(2) if the Shares being repurchased were issued at a premium to the par value, payment shall be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made for the purpose of the repurchase, provided that the amount paid out of such proceeds shall neither exceed the aggregate of the premiums received by the Company on the issue of the shares repurchased nor the current amount of the share premium account (or the capital reserve fund account) of the Company (including the premiums on the new issues) at the time of the repurchase;

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

- (1) acquisition of rights to repurchase shares;
- (2) variation of any contract to repurchase shares;
- (3) release of any of the obligation under a contract to repurchase shares.

(iv) After the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant regulations, the amount deducted from the distributable profits for paying up the par value portion of the repurchased shares shall be transferred to the Company's share premium account (or capital reserve fund account) of the Company.

Where the laws, administrative regulations and the relevant rules of the regulatory authorities have any other provisions in respect of the accounting treatment relating to the aforesaid repurchase of shares, such provisions shall prevail.

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

**Article 35** The Company or its subsidiaries shall not at any time use any means to provide any financial assistance to parties buying or intending to buy the Company's shares. The aforesaid parties buying the Company's shares shall include parties directly or indirectly bearing obligations because of the acquisition of the Company's shares.

Article 29 of  
Prerequisite Clauses  
Article 20 of Guidelines  
for Articles of  
Association

The Company or its subsidiaries shall not at any time use any means to provide financial assistance to the aforesaid obligated parties in order to reduce or dissolve their obligations.

The provisions of this Article shall not apply in circumstances described in Article 37 of this Chapter.

**Article 36** For the purposes of this Chapter, "financial assistance" shall include (but not limited to) the following:

Article 30 of  
Prerequisite Clauses

(1) making a gift;

(2) providing a guarantee (including an undertaking by the guarantor to bear liability or the guarantor providing property as a means of ensuring that the obligator fulfils an obligation), compensation (but not including such compensation made due to the Company's own fault), discharging or renouncing rights;

(3) providing loans or concluding a contract which stipulates that the Company assumes obligations ahead of another party, changing the parties to these loans or contracts, or assigning rights pertaining to these loans or contracts; and

(4) providing financial assistance through any other means when the Company is unable to repay its debts, has no net assets or is in circumstances which will lead to a substantial reduction in net assets.

For the purpose of this Chapter, "assume obligations" shall include the act whereby the obligator assumes obligations as a result of entering into a contract or making an arrangement (regardless of whether that contract or arrangement can be compulsorily enforced or not, or regardless of whether the obligator assumes obligations itself or jointly with others), or changing its financial position through any other means.

**Article 37** The following actions shall not be regarded as actions prohibited by Article 35 of this Chapter:

Article 31 of  
Prerequisite Clauses

(1) the financial assistance provided by the Company is made in good faith for the Company's interests and where the major purpose of such financial assistance is not for acquisition of the Company's shares, or where the said financial assistance is an incidental part of an overall plan of the Company;

(2) the Company using its properties as dividends for distribution in accordance with law;

(3) dividends distributed in the form of shares;

(4) reducing registered capital, repurchase shares or adjusting shareholding structure in accordance with the Articles of Association;

(5) providing loans for its normal course of business operations and within the scope of the Company's business (however, this must not result in a reduction of the Company's net assets, or, where there is a reduction in its net assets, the financial assistance is sourced from the Company's distributable profits); and

(6) providing amounts for employee share ownership plan of the Company (however, this must not result in a reduction of the net assets of the Company, or, where there is a reduction in its net assets, the financial assistance is sourced from the Company's distributable profits).

## Chapter 6 Share Certificates and Shareholders Register

**Article 38** The share certificates of the Company shall adopt the form of registered share certificates.

Article 32 of  
Prerequisite Clauses

Other than the Company Law and the Prerequisite Clauses, matters to be stated in Company's shares shall include other matters as required by securities exchange where the Company's shares are listed.

During the period when H shares are listed on the Hong Kong Stock Exchange, the Company shall ensure that all documents of title in relation to all securities of the Company listed on the Hong Kong Stock Exchange (including the share certificates of H shares) include the statements stipulated below and shall instruct and cause its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any individual holder unless and until such holder delivers to such share registrar a signed form in respect of such shares bearing statements to the following effect:

Rule 19A.52 of the  
Main Board Listing  
Rules

(1) The acquirer of shares agrees with the Company and each shareholder of the Company, and the Company agrees with each shareholder, to observe and comply with the Company Law, the Prerequisite Clauses, other related laws and administrative regulations and the Articles of Association of the Company.

(2) The acquirer of shares agrees with the Company, each shareholder, director, supervisor, president and other senior management of the Company, and the Company acting for itself and on behalf of each director, supervisor, president and other senior management agrees with each shareholder to submit all disputes and claims arising from the Articles of Association or any disputes or claims arising from any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations and in relation to the affairs of the Company to arbitration in accordance with the Articles of Association, and any submission to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearing in open session and to publish its award. Such arbitration shall be final and conclusive.

(3) The acquirer of shares agrees with the Company and each shareholder of the Company that shares in the Company are freely transferable by the holder thereof.

(4) The acquirer of shares authorises the Company to enter into a contract on his behalf with each director, president and other senior management whereby such directors, president and other senior management undertake to observe and comply with their obligations to shareholders stipulated in the Articles of Association.

**Article 39** A share certificate shall be signed by the chairman of the board of directors. If the stock exchange where the Company's shares are listed requests that other senior management shall sign the share certificates, a share certificate shall also be signed by those senior management as requested. A share certificate shall only become valid after it is affixed with the company seal or with the company seal in a printed format. The affixing of the company seal on share certificates shall be made with the authority of the board of directors. Printed format may also be adopted for the signature of the chairman of the board of directors or other senior management on a share certificate.

Article 33 of  
Prerequisite Clauses  
Letter of Supplementary  
Amendment Advice  
No.1  
Section 2 (1) of  
Appendix 3 of the Main  
Board Listing Rules

Where the Company's shares are listed and traded on a "paperless" basis, provisions otherwise stipulated by securities regulatory authorities of the places where the Company's shares are listed shall prevail.

**Article 40** A shareholder register shall be established by the Company to record the following items:

Article 34 of  
Prerequisite Clauses  
Article 30 of Guidelines  
for Articles of  
Association

- (1) the name, address (or residence) and occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid for or amount payable for shares held by each shareholder;
- (4) the serial numbers of shares held by each shareholder;
- (5) the date on which the party registered as a shareholder; and
- (6) the date on which the party ceased to be a shareholder.

The shareholder register shall be sufficient evidence to verify that a shareholder holds the Company's shares, except where evidence to the contrary exists.

All the activities or transfer of foreign invested shares listed overseas shall be registered in the register of foreign invested shares listed overseas as maintained at the place of listing in accordance with the Articles of Association.

When two or more people are registered as joint holders of any shares, they shall be deemed as common owners, and shall subject to the following clauses:

Section 1 (3) of  
Appendix 3 of the Main  
Board Listing Rules

- (1) the Company should not register for joint shareholders of more than four people;
- (2) all joint holders of any shares shall jointly and severally assume responsibilities of paying for related shares;
- (3) in the case where one of the joint shareholders passes away, only the remaining joint shareholders are deemed as having the ownership of the related shares, however the board of directors shall have the rights to demand for related shareholder's death certificate it deems appropriate in respect of the alteration of shareholders register; and



(4) in respect of joint holders of any shares, only joint shareholders ranking the first in the shareholders register shall be entitled to receive the share certificates of related stocks and notices from the Company, attending or exercising part or all the voting rights of related shares in shareholders' general meeting, any notices being sent to such persons shall be deemed as to have served to all joint holders of related shares.

**Article 41** In accordance with the mutual understanding and agreement reached between the competent securities authority of the State Council and the overseas securities authority, the original of the Company's shareholders register of foreign invested shares listed overseas shall be maintained overseas and managed by an overseas agent entrusted by the Company. The original of the Company's shareholders register of foreign invested shares listed overseas that are listed in Hong Kong shall be maintained in Hong Kong.

Article 35 of  
Prerequisite Clauses  
Letter of Supplementary  
Amendment Advice  
No.2  
Section 1 (b) of  
Appendix 13D of the  
Main Board Listing  
Rules

A duplicate of the Company's shareholders register of foreign invested shares listed overseas shall be kept at the business premises of the Company. The entrusted overseas agent shall ensure the consistency of the original and duplicate of the shareholders register of foreign invested shares listed overseas at all times.

In the event of any inconsistency between the original and duplicate of the shareholders register of foreign invested shares listed overseas, the original shall prevail.

**Article 42** The Company shall maintain a complete shareholders register.

Article 36 of  
Prerequisite Clauses

A shareholders register shall consist of the following:

(1) the shareholders register other than those stipulated in items (2) and (3) of this paragraph to be kept at the business premises of the Company;

(2) the Company's shareholders register of foreign invested shares listed overseas to be kept at the location of the overseas stock exchange where the foreign invested shares listed overseas is listed; and

(3) the shareholders register to be kept in another place designated by the board of directors for the purpose of the listing of the Company's shares.

**Article 43** There shall be no overlap between the various parts of the shareholders register. In the event of assignment of shares registered in a certain part of the shareholders register, those shares shall not be registered in another part of the shareholders register during the period when the registration of such shares subsists.

Article 37 of  
Prerequisite Clauses

Alteration or correction of any part of a shareholders register shall be carried out in accordance with the law prevailing in the places at which those parts of the shareholders register are kept.

**Article 44** The foreign invested shares listed overseas that are listed in Hong Kong with all the capital being fully paid shall be assigned freely in accordance with the Articles of Association. However, unless the following conditions are satisfied, the board of directors may refuse the admission of any instrument of transfer without giving any reasons:

Letter of Supplementary  
Amendment Advice  
No.12

(1) paying to the Company a fee of HK\$2.50 (per instrument of transfer) or such higher fee as the Hong Kong Stock Exchange may agree, for the registration of instrument of transfer and other documents relating to or potentially affecting the share ownership;

Section 1 (1) and 1 (2) of  
Appendix 3 of the Main  
Board Listing Rules

(2) the instrument of transfer shall only be associated with the foreign invested shares listed overseas which are listed in Hong Kong;

(3) the duty stamp payable has been paid for any instrument of transfer;



(4) the related share certificate and the evidence substantiating the transferor's right to transfer the shares shall be provided as reasonably required by the board of directors;

(5) where the shares are intended to be transferred to joint holders, then the number of joint holders shall be limited to four;

(6) no lien of any Company shall be attached to such shares;

(7) no share is permitted to be transferred to the underage, mentally incompetent and other legally incapacitated person.

Section 1 (3) of  
Appendix 3 of the Main  
Board Listing Rules

If the Company refuses the registration of share transfer, it should give the transferor and transferee a written notice for such refusal within 2 months from the date on which the transfer application was formally made.

**Article 45** All the transfer of foreign invested shares listed overseas that are listed in Hong Kong shall use the standard or normal format or any other written instrument of transfer which including the standard instrument of transfer form or registration form (as required by the Hong Kong Stock Exchange from time to time), as acceptable by the board of directors; the instrument of transfer shall only be signed manually or (if transferor or transferee is a corporation) affixed with company chop. If transferor or transferee is a recognised clearing house (hereinafter referred to as the "Recognised Clearing House") as defined by the relevant regulations under Hong Kong law as updated from time to time or its agent, the instrument of transfer form can be signed manually or use machine-printed signature.

Section 1 (2) of  
Appendix 3 of the Main  
Board Listing Rules

All instrument of transfer shall be maintained at the legal address of the Company or any place as instructed by the board of directors from time to time.

**Article 46** The change of registration of shareholders register resulting from an assignment of shares shall not be carried out within thirty (30) days before the commencement of a general meeting of shareholders or within five (5) days prior to the date on which dividends are to be distributed as resolved by the Company. This provision is not applicable when the Company issues new shares under Article 23 and then register the changes in the shareholders register.

Article 38 of  
Prerequisite Clauses

**Article 47** When the Company convenes a general meeting of shareholders, distributes dividends, is in liquidation or conducts other activities involving the confirmation of shareholding right, the board of directors shall confirm a date as shareholding right confirmation date. At the end of the shareholding right confirmation date, shareholders registered in the shareholders register shall be the Company's shareholders.

Article 39 of  
Prerequisite Clauses  
Article 31 of Guidelines  
for Articles of  
Association

**Article 48** Any party which raises objection to a shareholders register and requests its name to be registered in the shareholders register or requests that its name be deleted from the shareholders register may apply to the court having jurisdiction to amend that shareholders register.

Article 40 of  
Prerequisite Clauses

**Article 49** Any shareholders registered in the shareholders register or any party who requests that its name be registered in the shareholders register may apply to the Company for the issue of replacement certificates (i.e. "corresponding certificates") if its share certificates (i.e. "original share certificates") have been lost.

Article 41 of  
Prerequisite Clauses

In the case of a domestic shareholder losing its share certificate and applying for the issue of a replacement certificate, this shall be handled in accordance with the related provisions of the Company Law.

In the case of a holder of foreign invested shares listed overseas losing its share certificate and applying for the issue of a replacement certificate, this shall be handled in accordance with the law of the place where the original shareholders register of foreign invested shares listed overseas is kept, the rules of the stock exchange or other relevant regulations.

If a holder of foreign invested shares listed overseas that are listed in Hong Kong has lost its share certificate and applies for the issue of a replacement certificate, the issue of a replacement certificate shall be in compliance with the following requirements:

(1) The applicant shall lodge an application according to the standard format designated by the Company and shall attach a notarial certificate or document of legal declaration. The contents of the notarial certificate or legal declaration shall include reasons for the application, details and evidence of the loss of the share certificate and a declaration that no other party can request the registration of such shares as a shareholder.

(2) No declaration has been made by any party other than the applicant requesting the registration of those shares as a shareholder before the Company makes a decision on issue of a replacement certificate.

(3) Where the Company decides to issue a replacement certificate, a public announcement of the intended issue of the replacement certificate shall be published in newspaper(s) designated by the board of directors; the period for a public announcement shall be ninety (90) days and the public announcement shall be published at least once every thirty (30) days.

(4) Before publication of a public announcement of the intended issue of a replacement share certificate, a duplicate copy of the public announcement to be published shall be submitted to the stock exchange where the Company's shares are listed. The public announcement may then be published after receipt of a reply from the stock exchange confirming the display of the public announcement in the stock exchange has occurred. The period for display of a public announcement in the stock exchange shall be ninety (90) days.

If an application for the issue of a replacement share certificate is made without the consent of a shareholder registered in the shareholders register who holds the relevant shares, the Company shall send the shareholder a copy of the public announcement intending to be posted by way of post.

(5) Upon the expiration of the ninety (90) day period for a public announcement or display as stipulated in items (3) and (4) of this Article and where no objection against issue of a replacement share certificate has been raised by any party, the replacement share certificate may be issued pursuant to the application.

(6) When making the issue of a replacement share certificate pursuant to the provisions of this Article, the Company shall promptly cancel the original share certificate and shall record such cancellation and issue of the replacement share certificate on the shareholders register.

(7) All expenses incurred by the Company in the cancellation of the original share certificate and the issue of the replacement share certificate shall be borne by the applicant. The Company shall have the right to refuse to take any action before an applicant provides a reasonable guarantee.

**Article 50** After a replacement share certificate has been issued by the Company in accordance with the provisions of the Articles of Association, a bona fide purchaser who obtains the said new shares or a shareholder (if a bona fide purchaser) who later registers as owner of the said shares shall not be permitted to have its name deleted from the shareholders register.

Article 42 of  
Prerequisite Clauses

**Article 51** The Company shall not bear liability to compensate for any loss incurred by any party as a result of cancellation of the original share certificate or issue of the replacement share certificate unless the party concerned can prove that the Company has committed fraud.

Article 43 of  
Prerequisite Clauses

## Chapter 7 Shareholders' Rights and Obligations

**Article 52** A shareholder of the Company shall be person who lawfully hold the Company's shares and whose names is entered in the shareholders register.

Article 44 of  
Prerequisite Clauses  
Article 30 of Guidelines  
for Articles of  
Association

A shareholder shall enjoy rights and assume obligations pursuant to the class and quantity of shares held; holders of the same type of shares shall enjoy equal rights and assume equal obligations. The Company's shareholders of different classes shall rank pari passu over dividends or any forms of distribution.

Section 9 of Appendix 3  
of the Main Board  
Listing Rules

Where a legal person has become a shareholder of the Company, its rights shall be exercised by the legal representative of the legal person or an agent of the legal representative of the legal person.

The Company shall not exercise any of its powers to freeze or otherwise impair any of the rights attached to any shares of the Company by reason only that a person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

Section 12 of Appendix  
3 of the Main Board  
Listing Rules

**Article 53** Holders of ordinary shares of the company shall have the following rights:

Article 45 of  
Prerequisite Clauses

(i) to receive dividends and other forms of profit distribution in proportion to their respective shareholdings;

Article 32 of Guidelines  
for Articles of  
Association

(ii) to attend or authorize a proxy to attend general meetings and to exercise voting rights;

(iii) to supervise and manage the business operation of the Company and to give advice or raises inquiries;

(iv) to transfer, give or pledge the shares held by them pursuant to the provisions of laws, administrative regulations and the Articles of Association;

(v) to obtain the relevant information pursuant to the provisions of the Articles of Association, including:

1. to obtain a copy of the Articles of Association after the cost has been paid;

2. to inspect and make photocopies of the following after the reasonable cost has been paid:

(1) the register of all shareholders;

(2) personal information of directors, supervisors and other senior management of the Company, including:

(a) current and previous names and alias;

(b) principal address (residence);

(c) nationality;

(d) full-time and all other concurrently held part-time positions and posts;

(e) identification document and numbers.

(3) share capital position of the Company;

(4) the Company's latest audited financial statements, and the reports of the board of directors, auditors and supervisory committee;

(5) the resolutions of general meetings, the meetings of the board of directors and the meetings of the supervisory committee of the Company;

(6) reports showing the aggregate nominal value, number, highest and lowest price of each class of shares of the Company repurchased since the last financial year, and all costs paid by the Company for such repurchase;

(7) a copy of the latest annual inspection report filed with the Administration for Industry and Commerce or other competent authority; and

Rule 19A.50 of the Main Board Listing Rules

(8) minutes of general meetings.

The Company shall keep the documents described in items (1), (3) to (7) and any other applicable documents at its address in Hong Kong according to the requirements of the listing rules for inspection by the public and the shareholders of foreign invested shares listed overseas free of charge.

When a shareholder requests to inspect the relevant information described above or demands for data, he/she shall provide a written document of the class and number of the Company's shares held by him/her. The Company shall provide such information and data at the request of the shareholder after verification of his/her shareholder identity.

Article 33 of Guidelines for Articles of Association

(vi) to participate in, upon the Company's termination or liquidation, the distribution of the Company's remaining assets in proportion to their respective shareholdings;

(vii) to request the Company to acquire their shares when shareholders disagree on the resolutions passed at the general meeting with regard to the Company's merger or division; and

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

**Article 54** If the content of the resolutions of the Company's meeting of shareholders or board of directors contravenes the law or administrative regulation, the shareholders can request the People's Court to void the resolutions.

Article 34 of Guidelines for Articles of Association

If the convening procedure or voting method of a shareholder's meeting or board of director's meeting contravenes the law, administrative regulation or these Articles, or if the contents of the resolutions contravene the Articles, the shareholders can request the People's Court to cancel the resolutions within 60 days.

**Article 55** If a director or a senior management personnel contravenes the law, administrative regulation, or these Articles when carrying out his duties in the Company, resulting in losses to the Company, shareholders individually or together holding 1% or more of shares for 180 days continuously, can request the supervisory board in writing to start litigation in the People's Court. If a supervisory board contravenes the law, administrative regulation or these Articles, when carrying out his duties in the Company, resulting in losses to the Company, the shareholders can request the board of directors in writing to start litigation in the People's Court.

Article 35 of Guidelines for Articles of Association

If the supervisory board or board of directors refuses to start litigation after receiving the shareholder's written request under the preceding paragraph, or does not start litigation within 30 days of receiving the request, or the situation is so urgent that without an immediate litigation will lead to irreparable losses suffered by the Company, the shareholder under the previous paragraph can litigate directly at the People's Court under his own name, for the interest of the Company.

If any person intervenes with the legal interests of the Company, resulting in losses suffered by the Company, a shareholder under the first paragraph can start litigation at the People's Court in accordance with the two preceding paragraphs.

**Article 56** If a director or senior management personnel contravenes the law, administrative regulation, or these Articles, thereby damaging a shareholder's interests, the shareholder can start litigation in the People's Court. Article 36 of Guidelines for Articles of Association

**Article 57** A holder of ordinary shares of the Company shall assume the following obligations: Article 46 of Prerequisite Clauses

(1) to abide by the Articles of Association; Article 37 of Guidelines for Articles of Association

(2) to pay funds pursuant to the quantity of subscribed shares and the method of subscription; Article 37 of Guidelines for Articles of Association

(3) assume an amount of liability toward the Company equal to the amount of the subscribed shares;

(4) cannot give up those shares except as prescribed by the law or administrative regulations;

(5) cannot abuse his rights as a shareholder to damage the Company's or other shareholder's interests; cannot abuse the legal personality of the Company and the limited liability of the shareholders to damage the interests of creditors.

A shareholder who abuses his shareholders' rights, resulting in losses to the Company and other shareholders should compensate according to the law.

Shareholders who abuse the legal personality of the Company and limited liability of shareholders, in order to escape from liability, thereby seriously damaging the interests of creditors, should be jointly and severally responsible to bear the Company's debts.

(6) other obligations as stipulated in laws, administrative regulations and the Articles of Association. Apart from the conditions accepted at the time of subscribing to shares, a shareholder shall not bear liability for any additional share capital.

**Article 58** In addition to obligations as required by laws, administrative regulations or the listing rules of the stock exchange the Company's shares are listed, a controlling shareholder (according to the definition of the following paragraphs) when executing its shareholding rights shall not be permitted to exercise its voting rights to make decisions on the following matters which harm the interests of all or some shareholders: Article 47 of Prerequisite Clauses

(1) to relieve a director or supervisor from his/her responsibility on the basis that this is in the best interests of the Company;

(2) to approve that a director or supervisor (for his/her own interests or another's interests) expropriate Company property using any means including (but not limited to) any opportunity which is beneficial to the Company;

(3) to approve that a director or supervisor (for his/her own interests or another's interests) divest other shareholders of individual rights and interests including (but not limited to) any distribution rights and voting rights, but not including where the matter is submitted to the general meeting of shareholders for adoption in accordance with the Articles of Association that there be reorganization of the Company.

The controlling shareholder or actual controller of the Company cannot use his associated relationship to damage the Company's interests. If this requirement is contravened, resulting in damage to the Company, he should be responsible to compensate.

Any shareholder holding 5% or more of the voting rights in the Company and pledging his/her/its shares shall report in writing to the Company on the date of such pledge.

The controlling shareholder and actual controller have a duty of honesty towards the Company and shareholders holding the public community shares of the Company. The controlling shareholder should strictly exercise his rights as a provider of capital. The controlling shareholder cannot make use of methods such as the distribution of profits, restructuring of assets, external investment, misappropriation of assets, borrowing or providing guarantee, in order to damage the legal interest of the Company and shareholders of public community shares. He cannot make use of his controlling position to damage the legal interest of the Company and shareholders of public community shares.

Article 38 of  
Guidelines for Articles  
of Association  
Article 39 of  
Guidelines for Articles  
of Association

**Article 59** A controlling shareholder as stated in the preceding Article shall be a person who meets the following requirements:

Article 48 of  
Prerequisite Clauses

(1) when taking independent action or acting in concert with others, that shareholder can elect a majority of directors;

(2) when taking independent action or acting in concert with others, that shareholder executes more than 30% (including 30%) of the Company's voting rights or executes more than 30% (including 30%) control over the Company's voting rights;

(3) when taking independent action or acting in concert with others, that shareholder holds more than 30% (including 30%) of the Company's issued shares;

(4) when taking independent action or acting in concert with others, that shareholder has actual control of the Company in other ways.

"Acting in concert" under this provision refers to two or over two persons base on an agreement, (orally or in written) to reach an unanimous agreement, base on one of another to obtain the voting right of the Company and achieve or enhance the purpose of controlling the Company.

## Chapter 8 General Meeting

**Article 60** General meeting of shareholders shall be the Company's authority and shall exercise its powers of office in accordance with the law.

Article 49 of  
Prerequisite Clauses

**Article 61** A general meeting of shareholders shall exercise the following powers of office:

Article 50 of  
Prerequisite Clauses

(1) determining the Company's business policies and investment plans;

Article 40 of Guidelines  
for Articles of  
Association

(2) election and replacement of directors who are not staff representatives and determining matters concerning the remuneration of those directors;

(3) election and replacement of supervisors who are not staff representatives and determining matters concerning the remuneration of those supervisors;

(4) discussion and approval of reports compiled by the board of directors;

(5) discussion and approval of reports compiled by the supervisory committee;

(6) discussion and approval of the Company's annual budget and final accounting plans;

(7) discussion and approval of the Company's profit distribution and loss recovery plans;



- 
- (8) passing resolutions on matters such as increase or reduction of the Company's registered capital;
  - (9) passing resolutions on the issue of corporate bonds, other bonds and programs of listing;
  - (10) passing resolutions on matters such as merger, demerger, dissolution, liquidation or changing the form of the Company;
  - (11) amending the Articles of Association;
  - (12) passing resolutions on matters such as engagement of the accounting firm;
  - (13) reviewing guarantee providing which should be decided by shareholder's meetings as required by the law, administrative regulations and these Articles;
  - (14) discussing and approving any acquisition or disposal after the value of the acquisition or disposal of material assets for the last one year reaches 30% or more of the latest audited total assets;
  - (15) reviewing share incentive plans;
  - (16) discussing proposals raised by the shareholders who represent more than 3% (including 3%) of the Company's shareholders with voting rights;
  - (17) reviewing and approving the change of use of proceeds raised;
  - (18) reviewing the external guarantees stipulated under Article 62 of the Articles of Association;
  - (19) reviewing other matters which should be decided by shareholder's meetings as required by the law, administrative regulations and these Articles.

Without breach of law, regulations and the mandatory clause of the regulations at the place of listing, the shareholders at the general meeting can authorize or entrust the board of directors to handle the authorization or entrust matters.

**Article 62** The following external guarantees to be provided by the Company shall be reviewed and passed at the shareholders' meeting:

Article 41 of the  
Guidelines for Articles

- (1) any external guarantee to be provided after the total amount of guarantees provided by the Company and its subsidiaries has reached or exceeded 50% of the Company's latest audited net assets;
- (2) any external guarantee to be provided after the total amount of guarantees provided by the Company has reached or exceeded 30% of the Company's latest audited total assets;
- (3) any guarantee to be provided for a party which has a gearing ratio in excess of 70%;
- (4) any guarantee with a single guarantee amount in excess of 10% of the Company's latest audited net assets;
- (5) any guarantee to be provided in favour of shareholders, actual controllers and their related parties (as defined in the SSE Listing Rules);



(6) other guarantees to be reviewed and passed at the shareholders' meeting as required by the stock exchange on which the shares of the Company are listed and the Articles of Association.

Where the shareholders' meeting is reviewing a resolution on guarantees to be provided to shareholders, actual controllers and its related parties, such shareholders, or shareholders under the control of such actual controllers, shall abstain from voting. Such resolution is subject to the approval of more than half of the voting rights held by the other shareholders present at the meeting.

External guarantees other than above shall be reviewed and approved by the board of directors under authorisation, but shall be reviewed, agreed and resolved by more than two-thirds of the directors present at the meeting of the board of directors and passed by more than half of all directors of the Company.

**Article 63** Except for under special circumstances such as the Company's in crisis, without the advance approval of a general meeting of shareholders, a company shall not be permitted to enter into a contract with a person other than a director, supervisor, manager or other senior management where such contract grants responsibility to that person for the management or major business activities of the Company.

Article 51 of Prerequisite Clauses  
Article 81 of Guidelines for Articles of Association

**Article 64** General meeting of shareholders shall be separated into annual and extraordinary meetings. A general meeting of shareholders shall be convened by the board of directors. An annual general meeting of shareholders shall be held once a year within six (6) months after the end of the previous financial year.

Article 52 of Prerequisite Clauses  
Article 52 of Prerequisite Clauses

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

Article 43 of Guidelines for Articles of Association

(1) where the number of directors does not meet the number stipulated in the Company Law or is less than two-thirds of the number required in the Articles of Association;

(2) where the Company's losses which have not yet been offset account for one-third of the total number of actual share capital;

(3) where shareholders holding more than 10% (including 10%) of the issued shares of the Company with voting rights make written request for the convening of an extraordinary general meeting of shareholders;

(4) the board of directors believes it is necessary or the supervisory committee proposes that an extraordinary general meeting of shareholders be convened;

(5) where more than half (including half) independent directors request to convene an extraordinary general meeting; or

(6) other circumstances stipulated by the laws, administrative regulations, departmental rules or the Articles of Association.

**Article 65** The venue to hold a shareholder's meeting of the Company is: the Company's domicile or other specified place notified by convener of the general meeting.

Articles 44 and 45 of Guidelines for Articles of Association

The shareholder's meeting should provide a venue for holding the meeting in the form of on-the-spot meeting. The Company shall also provide online voting and other means as permitted by the listing rules of the place where the shares of the Company are listed for the convenience of shareholders attending the meeting. Shareholders attending the shareholder's meeting using the above method are considered present at the meeting.

If the general meeting is convened through online or other forms, the voting time and procedures of the meeting convened through online or other forms shall be clearly stated in the notice of the general meeting. The starting time of voting in the general meeting convened through online or other forms shall not be earlier than 3:00 pm on the day before the on-site general meeting and shall not be later than 9:30 am on the day of the on-site general meeting. The ending time shall not be earlier than 3:00 pm on the day of the on-site general meeting.

**Article 66** When convening a general meeting of shareholders, written notification shall be made to the shareholders registered in the shareholders register forty-five (45) days (including the date of meeting but excluding the date of notice issuance) before the convening of the meeting of those matters to be discussed at the meeting and the date and location of the meeting. Shareholders intending to attend the general meeting shall send their written acknowledgments to the Company twenty (20) days before the convening of the meeting.

Article 53 of  
Prerequisite Clauses

When estimate the time of publication of notice, the date of meeting and date of notice should not be included not be counted in the notice time.

In relations to the publication of the notice under this provision, the date of publication of notice represents the date that the Company or the share registrar as appointed by the Company delivers the relevant notice at the post office for posting.

**Article 67** The shareholder(s) holding more than 3% (including 3%) of voting right of the shares of the Company may put forward written temporary proposals to the shareholders' general meeting. The Company shall add the temporary proposals which relates to the scope of duties of the general meeting to agenda of the meeting.

Article 54 of  
Prerequisite Clauses  
Article 53 of Guidelines  
for Articles of  
Association

Shareholders independently or collectively holding 3% or more of the shares in the Company may raise a temporary proposal and submit it to the convener in written form 20 days prior to the convening of the general meeting. The convener shall deliver a supplementary notice of the general meeting to announce the contents of the temporary proposal within 2 days upon receipt of the proposal.

The temporary proposals as raised by the shareholders shall fulfil the following conditions:

Article 52 of Guidelines  
for Articles of  
Association

(1) the contents should be not breach of the law, administrative regulations and within the scope of duties of the shareholders' meetings;

(2) should have a clear topic and have concert resolutions; and

(3) should be handled or delivered to the board of directors in written 10 days before the convening of the shareholders' meetings.

**Article 68** The Company shall, based on the written replies received twenty (20) days before the commencement of the general meeting, calculate the shares with voting rights held by those shareholders intending to attend the meeting. A general meeting may be convened if those shareholders intending to attend have title to more than half of the Company's shares with voting rights; if not, the Company shall, within five (5) days, notify the shareholders once again through public announcement of those matters to be discussed at the meeting, and the date and location of the meeting. The Company may convene the general meeting only after such public announcement has been made.

Article 55 of  
Prerequisite Clauses

An extraordinary general meeting shall not be permitted to propose resolutions on matters which were not included in the notice.

**Article 69** The notice of a shareholders' general meeting shall meet the following requirements:

Article 56 of  
Prerequisite Clauses  
Article 55 of Guidelines  
for Articles of  
Association

- (1) It shall be made in writing;
- (2) specify the location, date and time of the meeting;
- (3) state those matters to be discussed at the meeting;
- (4) specify the date of share registration which the shareholder is entitled to attend the general meeting;
- (5) provide the shareholders with data and explanations necessary in order to make informed decisions on those matters to be discussed; this shall include (but not limited to) providing detailed conditions and contracts (if such exist) on deals to be conducted and proper explanation of consequences where the Company proposes a merger, repurchase of shares, share capital restructure or other reorganization;
- (6) if any director, supervisor, president or other senior management is an interested party to a matter to be discussed at the meeting, the nature and degree of that interest shall be disclosed; if a matter to be discussed impacts upon such a director, supervisor, president or other senior management in their capacity as shareholders and such impact differs to the impact on other shareholders holding the same classes of shares, such difference shall be explained;
- (7) include the full text of any special resolution to be passed at the meeting;
- (8) unequivocally state in clear language that a shareholder with the right to attend the meeting and to vote shall be entitled to entrust one or more agents to attend the meeting and to vote on behalf of that shareholder, and that the agent(s) of that shareholder need not necessarily be shareholder(s); and
- (9) state clearly the place and date by which a letter of proxy for voting shall be received.
- (10) name and telephone number of the contact person of the meeting.

Notices and supplementary notices of a shareholders' meeting shall fully and completely disclose all detailed contents of all proposals. For matters to be discussed that require opinions from the independent directors, the opinions of the independent directors and reasons thereof shall be simultaneously disclosed with the notices or supplementary notices of the shareholders' meeting.

**Article 70** If matters relating to election of directors and supervisors are proposed to be discussed at a shareholders' meeting, detailed information concerning the candidates shall be fully disclosed in the notice of the shareholders' meeting, which shall at least include the following:

Article 56 of Guidelines  
for Articles for  
Association

- (1) personal information including educational background, work experience and other positions undertaken on a part-time basis;
- (2) whether the candidates are connected with the Company, its controlling shareholders or actual controllers;
- (3) disclosing the candidates' shareholdings in the Company;

(4) whether the candidates have been subject to any punishment by the securities regulatory authority under the State Council or other relevant departments or to any sanction by any stock exchange;

(5) other matters required to be disclosed under the listing rules of the place where the shares of the Company are listed.

In addition to the adoption of the cumulative voting mechanism to elect directors and supervisors, each candidate for directors or supervisors shall be proposed in a separate proposal.

**Article 71** The notice of a general meeting shall be delivered to the shareholders (whether or not such shareholders are entitled to vote at the meeting) by hand or by postage-prepared mail; the recipient's address shall be the address as shown in the register of shareholders of the Company. For the holders of domestic shares, the notice of the meeting may also be given by way of public announcement.

Article 57 of  
Prerequisite Clauses

The aforesaid public announcement shall, within forty-five (45) to fifty (50) days before the commencement of the meeting, be published in one or several newspapers designated by the Securities Committee of the State Council. Once a public announcement has been made, this shall be regarded as notice received by all Domestic Shareholders.

Subject to the laws, administrative regulations, regulatory documents and the relevant rules of the securities regulatory authority of the place of the listing of the shares of the Company and the fulfilment of the necessary procedures under the relevant rules, for the shareholders of overseas listed foreign shares, the Company may also issue a notice of the shareholders' meeting by publishing an announcement on the website of the Company and the website designated by the Hong Kong Stock Exchange or other means permitted under the Hong Kong Listing Rules and the Articles of Association, in lieu of sending notices to the shareholders of overseas listed foreign shares by personal delivery or prepaid mail.

**Article 72** In the event of failure to send notice due to accidental omission to a certain person who has the right to obtain notice or where that person failed to receive notice, the meeting and resolutions passed at that meeting shall not become invalid as a result.

Article 58 of  
Prerequisite Clauses  
Article 169 of  
Guidelines for Articles  
of Association

**Article 73** Any shareholder who is entitled to attend and vote at the general meeting may appoint one or more proxies (who need not be a shareholder of the Company) to attend and vote on his behalf. The proxy may exercise the following rights as authorized by the shareholder:

Article 59 of  
Prerequisite Clauses  
Article 59 of Guidelines  
for Articles of  
Association

(1) to speak for the shareholder at the general meeting;

(2) to demand by himself/herself or with others to vote by poll; and

(3) Except for applicable listing rules of securities and otherwise stipulated in security laws and regulations, to vote by show of hands or to vote by poll, however when the number of appointed proxy is more than one, such proxies shall only vote by poll.

If a shareholder is a recognised clearing house (or its proxy), it may authorize such person or persons as it thinks fit to act as its representative(s) at any general meeting of any shareholders of the Company or at any meeting of any class of members provided that if more than one person is authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorized. Such authorised person shall be entitled to exercise the same rights and power on behalf if the recognised clearing house (or its proxy) which he or they represent as if such person is an individual shareholder of the Company.

Hong Kong Clearing  
House's opinion

**Article 74** A shareholder shall use written form when entrusting an agent. The letter of proxy shall be signed by the principal or the agent entrusted by the principal in writing. If a principal is a corporation, the letter of proxy shall be affixed with the seal of the corporation or shall be signed by its director or officially entrusted officer or agent. The letter of proxy shall set out the following:

Article 60 of Prerequisite Clauses Article 61 of Guidelines for Articles of Association

(1) the name of the principal and the name of the agent;

(2) the number of shares represented by the agent on behalf of the principal. If several agents are appointed, the letter of proxy shall state the number of shares represented by each agent;

(3) whether the agent has voting rights;

(4) the instructions on whether to vote for or against or abstain from voting on each matter included in the agenda of the shareholders' meeting;

(5) whether the agent has voting rights in respect of the temporary proposal as might be included in the agenda of the shareholders' meeting, and, if yes, the instructions on how to exercise the voting rights;

(6) the date of issue and effective period of the letter of proxy.

**Article 75** A letter of proxy for voting shall be received and kept at the Company's premises or at another place designated in the notice of the meeting at least twenty-four (24) hours prior to commencement of the relevant meeting or before the designated time of voting. If a letter of proxy is signed by another party as authorised by the principal, a power of attorney to sign the letter of proxy or other document of authorisation shall be subject to notarisation. The notarised power of attorney or other authorisation document shall be kept with the letter of proxy at the Company's premises or other place as stipulated in the notice of meeting.

Article 61 of Prerequisite Clauses Article 63 of Guidelines for Articles of Association

If the principal is a corporation, its legal representative or person authorised by its board of directors or other decision-making department shall be the representative to attend general meeting of shareholder of the Company.

The Company has the right to request for identification certificates and the letter of proxy stating the date of issue and signed by the principal or the legal representative or duly authorised attorney of the principal from the proxy when attending the general meeting on behalf of shareholders.

Article 60 of Guidelines for Articles of Association

If a proxy is appointed by a corporation shareholder (except for clearing house or its proxy), the Company has the right to request the proxy to provide his identification document and a copy of resolutions or a copy of authorization from the board of directors of the corporation shareholder or other authority.

**Article 76** Any format of a letter of proxy issued by the board of directors used in appointing an agent on behalf of a shareholder shall allow the shareholder to freely choose to instruct that agent as to whether to make an affirmative or negative vote and to give instructions respectively on matters to be decided by vote at the meeting. A letter of proxy shall include a note that if a shareholder does not give instructions, the agent may vote according to his/her judgment.

Article 62 of Prerequisite Clauses Article 62 of Guidelines for Articles of Association

**Article 77** When the principal dies before voting, loses the capacity to act, withdraws a letter of proxy, withdraw the power of attorney to sign a letter of proxy or if the relevant shares have been assigned, and if the Company has not received written notice concerning this matter prior to commencement of the relevant meeting, a vote made by the shareholder's agent according to the letter of proxy shall remain valid.

Article 63 of Prerequisite Clauses

<p><b>Article 78</b> The attendance register shall be prepared by the Company, which shall state the names (or names of the corporations), identification document numbers and the addresses of the attendees, the number of voting shares held or represented, names of the principals (or names of the corporations) and so on.</p>	<p>Article 64 of Guidelines for Articles of Association</p>
<p><b>Article 79</b> In convening a shareholders' meeting, the convener and the lawyer appointed by the Company shall jointly verify the validity of the shareholders' qualifications based on the register of members provided by the securities registration and clearing authority, and shall register the names of the shareholders as well as the amount of their voting shares. The registration for the meeting shall be completed before the presider announces the number of shareholders and agents that attend the meeting and the total amount of their voting shares.</p>	<p>Article 65 of Guidelines for Articles of Association</p>
<p><b>Article 80</b> When a shareholder's meeting is held, all the directors, supervisors and secretary of the board of directors should attend the meeting. The managers and other senior management personnel without cogent reasons should be present at the meeting.</p>	<p>Article 66 of Guidelines for Articles of Association</p>
<p><b>Article 81</b> The Company shall formulate the Rules of Procedure of the General Meeting regulating the convening and voting procedure of general meetings, including notice, registration, consideration of resolutions, voting, counting of ballots, announcement of voting result, formation of resolution, meeting minutes and signing thereof and announcement, and the principles for authorisation to the board of directors by general meetings. The Rules of Procedure of the General Meeting shall be an appendix to the Articles of Association and shall be formulated by the board of directors and approved by the general meeting.</p>	<p>Article 68 of Guidelines for Articles of Association</p>
<p><b>Article 82</b> The board of directors and the supervisory committee shall report their work in the preceding year at the annual general meeting. Every independent director shall also make his/her work reports.</p>	<p>Article 69 of Guidelines for Articles of Association</p>
<p><b>Article 83</b> Directors, supervisors and senior management shall make explanations in relation to the inquiries and suggestions made by shareholders at shareholders' meetings.</p>	<p>Article 70 of Guidelines for Articles of Association</p>
<p><b>Article 84</b> The conductor of the meeting should, before voting, announce the number of shareholders and their proxies as well as their shares held with voting rights. The number of shareholders and their proxies as well as their shares held with voting rights, are in accordance with those registered at the meeting.</p>	<p>Article 71 of Guidelines for Articles of Association</p>
<p><b>Article 85</b> Resolutions of general meeting of shareholders shall be divided into ordinary and special resolutions.</p>	<p>Article 64 of Prerequisite Clauses</p>
<p>An ordinary resolution at a general meeting shall require the approval of more than half of the shareholders that have voting rights (including their agents) who are present at the meeting in order to be valid.</p>	<p>Article 75 of Guidelines for Articles of Association</p>
<p>A special resolution at a general meeting shall require the approval of more than two-thirds of the shareholders that have voting rights (including their agents) who are present at the meeting in order to be valid.</p>	
<p><b>Article 86</b> When voting at a general meeting, a shareholder (including the agent of a shareholder) shall exercise voting rights according to the number of shares held. Each share held shall represent the equivalent of one voting right.</p>	<p>Article 65 of Prerequisite Clauses Article 78 of Guidelines for Articles of Association</p>



When material issues affecting the interests of minority shareholders are considered at the shareholders' meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner. In such a case, when counting the votes by the minority shareholders, the votes of followings shareholders will not be counted: (1) the directors, supervisors and senior management of the Company; and (2) the shareholders, individually or collectively, holding 5% or more of the issued shares of the Company.

Shares held by the Company have no voting rights. This portion of shares is not considered part of the total number of shares with voting rights and attending the shareholder's meetings.

The open soliciting of voting rights can be carried out by the board of directors, independent directors, and the shareholders who comply with relevant requirements. Information including the specific voting preference shall be fully disclosed to the shareholders for whom voting rights are being solicited. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. The Company shall not impose any minimum shareholding limitation for soliciting voting rights.

When approving the connected parties transactions at the general meeting, the connected shareholders shall abstain from voting and the number of shares of voting right of it shall not be counted as a valid resolutions in the aggregate number of valid resolutions.

Section 14 of Appendix 3 of the Main Board Listing Rules  
Article 79 of Guidelines for Articles of Association

Where any shareholder is, under applicable law and regulations and the listing rules of the stock exchange where the shares of the Company is listed, required to abstain from voting on any particular resolution or restricted to voting only for (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 87** While ensuring the shareholders' meeting is legitimate and valid, the Company shall, by different channels and means, provide electronic voting platform and other modern information technology methods in priority for the convenience of shareholders attending the shareholders' meeting.

Article 80 of Guidelines for Articles of Association

**Article 88** The resolutions put forward at the shareholders' meeting shall be voted by poll, except that the chairman of the meeting may allow in good faith the resolutions relating purely to the procedures or administrative matters to be voted by show of hands subject to the listing rules of the place where the shares of the Company are listed.

Article 66 of Prerequisite Clauses  
Article 86 of Guidelines for Articles of Association

**Article 89** If it has been requested that a decision to elect the chairman of the meeting or to stop the meeting be made through a poll, the poll shall be promptly conducted. In relation to other matters to be decided by poll as requested, the chairman shall decide when the poll shall be conducted. The meeting may then be continued and other matters discussed. The results of the vote shall be regarded as a resolution passed by the meeting.

Article 67 of Prerequisite Clauses

**Article 90** When voting by poll, a shareholder (including the agent of a shareholder) with two (2) or more voting rights need not cast all of their voting rights as affirmative or negative votes.

Article 68 of Prerequisite Clauses

**Article 91** When electing directors at the general meeting, if there are more than two candidates, each share that is holding by the shareholder, including proxy of shareholder shall carry the same voting right as to the number of candidates which can be either consolidate in voting for one candidate or separate in voting for several candidates, however the allocation of voting right should be stated.

Section 106 of Company Law

**Article 92** Should there be a tie between negative and affirmative votes on a matter, the chairman of the meeting shall have the casting vote whether or not it is a vote by show of hands or by poll.

Article 69 of Prerequisite Clauses



**Article 93** Ordinary resolutions shall be proposed on the following matters at a general meeting:

- (1) reports of the board of directors and supervisory committee;
- (2) profit distribution plan and loss recovery plan prepared by the board of directors;
- (3) appointment and dismissal of members of the board of directors and shareholders representative supervisor and their remuneration and payment methods;
- (4) the Company's annual budget and financial accounting reports, balance sheets, profit and loss statements and other financial statements;
- (5) the Company's annual report; and
- (6) matters other than those on which special resolutions shall be proposed as stipulated in laws, administrative regulations, listing rules of the stock exchange where the shares of the Company are listed or the Articles of Association.

Article 70 of  
Prerequisite Clauses

Article 76 of Guidelines  
for Articles of  
Association

**Article 94** Special resolutions shall be proposed on the following matters at a general meeting:

- (1) company share capital expansion, reduction and repurchase, and the issue of any types of share, share certificate subscription and other similar securities;
- (2) the issue of corporate bonds;
- (3) company demerger, merger, dissolution and liquidation or changing the form of the Company;
- (4) amendments to the Articles of Association;
- (5) any acquisition or disposal after the value of the acquisition or disposal of material assets for the last one year reaches 30% or more of the latest audited total assets;
- (6) share incentive plans; and
- (7) other matters which are deemed by the general meeting to have a material impact on the Company and where it is passed by ordinary resolution at the general meeting that the matter shall be resolved by special resolution.

Article 71 of  
Prerequisite Clauses  
Article 77 of Guidelines  
for Articles of  
Association

**Article 95** Regarding the proposal of the independent director(s) to convene an extraordinary general meeting, the board of directors shall, according to provisions of the laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting within 10 days after receipt of the proposal. If the board of directors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the board of directors. If the board of directors does not agree to hold the extraordinary general meeting, it shall give the reasons and make an announcement in respect thereof.

Article 46 of Guidelines  
for Articles of  
Association

**Article 96** The supervisory committee shall have the right to propose to the board of directors to convene an extraordinary general meeting, and shall put forward its proposal to the board of directors in writing. The board of directors shall, according to provisions of the laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting within 10 days after receipt of the proposal.

Article 47 of Guidelines  
for Articles of  
Association

If the board of directors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the board of directors. In the event of any change to the original proposal set forth in the notice, the consent of the supervisory committee is required.

If the board of directors does not agree to hold the extraordinary general meeting or fails to give a written reply within 10 days after receipt of the proposal, it shall be deemed as unable to perform or failing to perform the duty of convening the extraordinary general meeting, and the supervisory committee may convene and preside over the meeting by itself.

**Article 97** Shareholders who request the convening of an extraordinary general meeting or a class meeting of shareholders shall do so in accordance with the following procedures:

Article 72 of  
Prerequisite Clauses  
Article 48 of Guidelines  
for Articles of  
Association

(1) Two (2) or more shareholders individually or together holding more than 10% (including 10%) of shares with voting rights at the meeting to be convened may sign one or several written requests in the same format and with the same contents to the board of directors to convene an extraordinary general meeting or class meeting of shareholders and which shall also specify the meeting's agenda. The aforesaid number of shares held by shareholders shall be calculated as at the date of the written request, proof of shareholding document in written shall be provided by the shareholder who proposed such request. The board of directors shall, according to provisions of the laws, regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting or class meeting within 10 days after receipt of the request.

If the board of directors agrees to convene the extraordinary shareholders' meeting, it will issue a notice of shareholders' meeting within 5 days of the decision of the board of directors. If there are changes to the original request in the notice, they should be agreed by the relevant shareholders.

(2) If the board of directors does not agree to convene the extraordinary shareholders' meeting, or does not reply within 10 days of receipt of the suggestion, shareholders individually or together holding more than 10% of the Company are authorised to request to the supervisory committee to hold an extraordinary shareholders' meeting, and should be presented to the supervisory committee in writing.

(3) If the supervisory committee does not issue the notice of shareholders' meeting within the prescribed period, this is treated as the supervisory board not convening and not holding the shareholders' meeting. Then shareholders individually or together holding more than 10% of the shares for more than 90 days can convene and hold the meeting by themselves.

In the case of shareholders or the supervisory committee organising the convening of a meeting as a result of the failure of the board of directors to convene a meeting as requested above, reasonable expenses incurred on the meeting shall be borne by the Company and shall be deducted from the bank funds of those directors who were negligent in the performance of their duties.

Except for matters involving the Company's trade secret, directors, supervisors, and senior management personnel should explain with respect to questions and suggestions from shareholders at the shareholder's meeting.

Article 70 of Guidelines  
for Articles of  
Association

**Article 98** Where the supervisory committee or the shareholders initiate procedures to convene a general meeting, it/they shall give a written notice to the board of directors and shall simultaneously file the case with the local office of the China Securities Regulatory Commission and the stock exchange in the locality where the Company operates for record.

Article 49 of Guidelines  
for Articles of  
Association

Prior to the announcement of the resolution of the shareholders' meeting, the shareholding by the convening shareholders shall be not less than 10%.

When the convening shareholders deliver a notice of shareholders' meeting and make the announcement of the resolution of the shareholders' meetings, the convening shareholders shall submit the relevant evidencing materials to the local office of the China Securities Regulatory Commission and the stock exchange in the locality where the Company operates.

**Article 99** The board of directors and the secretary of the board of directors shall provide cooperation for the shareholders' meetings initiated by the supervisory committee or shareholders. The board of directors shall provide the register of members as at the date of registration of shareholding.

Article 50 of Guidelines for Articles of Association

**Article 100** A general meeting shall be convened by the chairman of the board of directors who shall be the chairman of the meeting. If the board chairman is unable to attend the meeting, the vice chairman of the board of directors (or the vice chairman elected by more than half of directors if there are two or more vice chairmen of the Company) shall convene the meeting and shall be the chairman of the meeting. If, for some reasons, both the chairman and the vice chairman are unable to attend the meeting, the board of directors may designate a director of the Company to convene the meeting and to chair the meeting on its behalf. If no chairman of the meeting is designated, shareholders at the meeting may elect a chairman. In a case where shareholders are unable, for any reason, to elect a chairman of the meeting, that a shareholder who holds the majority number of shares with voting rights shall be the chairman of the meeting (including an agent of a shareholder).

Article 73 of Prerequisite Clauses Article 67 of Guidelines for Articles of Association

The chairman of the supervisory committee shall preside over the shareholders' meetings initiated and convened by the supervisory committee. In the event that the chairman of the supervisory committee is unable to or fails to discharge his duties in convening and presiding the shareholders' meeting, the meeting shall be presided over by a supervisor jointly nominated by more than half of the supervisors.

For the shareholders' meetings initiated and convened by shareholders, the convener shall nominate a representative to preside over the meeting.

In the event that the chairman violates the rules of procedure during the shareholders' meeting that results in the shareholders' meeting being unable to continue, upon approval by more than half of the shareholders with voting rights present at the meeting, a person may be nominated to preside over the shareholders' meeting and the meeting may continue.

**Article 101** Minutes of a shareholders' meeting shall be kept by the secretary of the board of directors. The minutes shall set out:

Articles 72 and 73 of Guidelines for Articles of Association

- (1) date, venue, agenda, and the convener of the meeting;
- (2) the name of the presider of the meeting, and the directors, supervisors, secretary of the board of directors, manager and other senior management attending or present at the meeting;
- (3) the number of shareholders and agents present at the meeting, the total number of voting shares held by them and the percentage of such shares against the total number of shares of the Company;
- (4) the process of consideration, highlights of the speeches and voting result in respect of each resolution;
- (5) the inquiries and suggestions of shareholders and the responses or explanations made;
- (6) the names of the lawyer, vote counter and scrutinizer;

(7) other issues that shall be recorded in the minutes in accordance with the provisions of the Articles of Association.

The attending directors, supervisors, secretary of the board of directors, convener or representative thereof and the chairman shall sign on the minutes of the meeting.

**Article 102** The convener shall ensure the shareholders' meeting is held unceasingly until final resolutions are arrived at. If the shareholders' meeting is terminated or fails to reach any resolution due to force majeure or other special reasons, necessary measures shall be taken to resume the shareholders' meeting as soon as possible, or the shareholders' meeting should be simply terminated, and in both cases a timely announcement shall be made. Meanwhile, the convener shall report to the local office of China Securities Regulatory Commission where the Company is located and to the stock exchange.

Article 74 of Guidelines for Articles of Association

**Article 103** If the chairman of a meeting has any doubts as to the results of a resolution proposed at a meeting, the chairman may count the number of the votes; if the chairman of the meeting has not tallied the votes and a shareholder or an agent of a shareholder attending the meeting objects to a result declared by the chairman of the meeting, the shareholder or agent shall have the right to request a re-count of votes followed by an immediate declaration; the chairman of the meeting shall promptly count the votes.

Article 75 of Prerequisite Clauses Article 90 of Guidelines for Articles of Association

**Article 104** If counting of votes is held at a shareholder's general meeting, the result of vote counting at the general meeting shall be recorded in the minutes of the meeting.

Article 76 of Prerequisite Clauses

The minutes of the meeting should be kept together with the signature book of shareholders attending the meeting, authorization letters of proxies and valid information on the results of voting online or through other means in the Company's domicile. The aforementioned minutes, signature book and letters of proxies shall be kept for not less than 10 years.

Article 73 of Guidelines for Articles of Association

**Article 105** A shareholder may consult the copy of the minutes of a general meeting free of charge during Company business hours. If a shareholder asks for a copy of the minutes of a general meeting from the Company, the Company shall send a copy to that shareholder within seven (7) days after receipt of a reasonable fee.

Article 77 of Prerequisite Clauses Article 33 of Guidelines for Articles of Association

**Article 106** The list of candidates for directors and supervisors shall be proposed in the form of resolution to the shareholders' meeting for voting.

Article 82 of Guidelines for Articles of Association

When a voting is made on the election of directors or supervisors at a general meeting, the cumulative voting system shall be adopted in accordance with the provisions of the Articles of Association or the resolutions of the general meeting.

The cumulative voting system as mentioned in the preceding paragraph means that every share shall, on the occasion of electing directors or supervisors at the shareholders' meeting, have the same voting rights as the number of directors or supervisors to be elected, and the voting rights held by the shareholders may be used collectively when the directors or supervisors are elected at the general meeting. The board of directors shall simultaneously provide shareholders with the biographical details and basic information about the candidates for directors and supervisors.

**Article 107** Other than the cumulative voting system, the shareholders' meeting shall vote on all proposals one by one. Where different proposals for the same issue are proposed, such proposals shall be voted on in the order of time in which they are proposed. Other than special reasons such as force majeure which results in the interruption of the shareholders' meeting or makes it impossible to come to resolution, the shareholders' meeting shall not set aside the proposals or withhold from voting.

Article 83 of Guidelines for Articles of Association

**Article 108** A resolution being considered at the shareholders' meeting shall not be revised, otherwise it shall be regarded as a new resolution and shall not be voted at the same shareholders' meeting.

Article 84 of Guidelines for Articles of Association

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<p><b>Article 109</b> The voting right of the same shares shall be exercised only by either on-site voting, online voting or other means of voting. In case of repeated voting by the same shares, only the first vote is valid.</p>	Article 85 of Guidelines for Articles of Association
<p><b>Article 110</b> Voting is conducted by open ballot at the shareholders' meeting.</p>	Article 86 of Guidelines for Articles of Association
<p><b>Article 111</b> Prior to the voting on a resolution at the shareholders' meeting, two shareholder representatives shall be elected to participate in the counting and ballot examination. If any shareholder is interested in the matter being considered, the shareholder and his/her/its agent shall not participate in the counting and ballot examination.</p>	Article 87 of Guidelines for Articles of Association
<p>When voting on the resolutions at the shareholders' meeting, the lawyer, shareholder representatives, supervisor representatives and either the share registrar of H Shares or external accountant with auditor qualification shall be jointly responsible for the counting and ballot examination and announcing the voting results on the resolution on the spot, which shall be included in the minutes of meeting.</p>	
<p>Shareholders or their agents voting online or through other methods shall have the right to check their own voting results through the corresponding voting system.</p>	
<p><b>Article 112</b> The onsite shareholders' meeting shall not end earlier than the online means or other means. The chairman of the meeting shall announce the voting and results of each of the resolutions, and announce whether or not they are approved in accordance with the results.</p>	Article 88 of Guidelines for Articles of Association
<p>Before the results are officially announced, all related parties such as the companies, vote counters, vote scrutinizers, substantial shareholders and online voting service provider involved in onsite, online or other means of voting are obliged to keep the results confidential.</p>	
<p><b>Article 113</b> Shareholders attending the shareholders' meeting shall express their opinions on the resolutions proposed for voting in one of the following manners: For, Against or Abstain, unless the securities registration and clearing institution, as the nominal holder of the shares under the connection mechanism between the Mainland and Hong Kong stock markets, makes declaration in accordance with the instructions of the actual holder of the shares.</p>	Article 89 of Guidelines for Articles of Association
<p>Voters whose ballots are incomplete, incorrectly completed or illegible shall be deemed as giving up their voting rights, thus the voting result in respect of their shares shall be counted as "Abstain".</p>	
<p>In the case of abstaining from voting, when calculating the voting results on such matter, such votes shall be counted as votes with voting rights, but will not be counted as votes "for" or "against" such matter.</p>	
<p><b>Article 114</b> An announcement on the resolutions passed at the shareholders' meeting shall be made on a timely manner, which shall set out the number of agents present, the number of shares held by them with voting rights and the percentage to total voting shares of the Company, voting method, voting results on each resolution and details of the resolutions passed.</p>	Article 91 of Guidelines for Articles of Association
<p><b>Article 115</b> If a resolution is not passed or if a resolution passed at previous meeting is changed at the meeting, special notes shall be made in the announcement of the resolutions of the shareholders' meeting.</p>	Article 92 of Guidelines for Articles of Association
<p><b>Article 116</b> If a resolution on the election of director or supervisor is approved at the shareholders' meeting, the term of office of the new director or supervisor shall commence on the date on which the resolution is approved at the shareholders' meeting or the date otherwise determined at the shareholders' meeting.</p>	Article 93 of Guidelines for Articles of Association

If the staff representative supervisor in the new session of supervisory committee is determined through democratic election before the new session of the board of directors and the new session of supervisory committee are determined, the term of office of the staff representative supervisor shall commence on the date on which the new session of supervisory committee is determined. In any other cases, the term of office of the staff representative supervisor shall commence on the date of democratic election.

**Article 117** If a proposal on the distribution of cash dividends, bonus issue or capitalisation of reserve is passed at the shareholders' meeting, it shall be implemented with detailed plans by the Company within two months of the conclusion of the meeting. Article 94 of Guidelines for Articles of Association

**Article 118** In convening a shareholders' meeting, the Company shall engage a lawyer to provide legal opinions and publish an announcement on the following matters: Article 45 of Guidelines for Articles of Association

(1) whether the convening procedure of the meeting and the convening itself comply with the laws, administrative regulations and the Articles of Association;

(2) whether the attendants and convener of the meeting are eligible;

(3) whether the voting procedures and voting results of the meeting are valid;

(4) legal opinions on other matters upon request by the Company.

## Chapter 9 Special Voting Procedures for Shareholders of Different Classes

**Article 119** Shareholders holding different classes of shares shall be regarded as different classes of shareholders. Article 78 of Prerequisite Clauses

The various classes of shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations and the Articles of Association.

Where the capital of the Company includes shares which do not carry voting rights, the words "non-voting" must appear in the designation of such shares. Section 10 of Appendix 3 of the Main Board Listing Rules

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

**Article 120** If a Company intends to change or abolish the rights of a class of shareholder, this shall be passed by a special resolution proposed at a general meeting and at a class meeting according to the provisions of Articles 122 to 127 respectively. Article 79 of Prerequisite Clauses

**Article 121** The following circumstances shall be deemed to be a variation or abrogation of the class rights of a class: Article 80 of Prerequisite Clauses

(1) to increase or decrease the number of shares of such class, or increase or decrease the number of shares of a class having voting or distribution rights or other privileges equal or superior to the shares of such class;

(2) to effect an exchange of all or part of the shares of such class into those of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;

(3) to remove or reduce rights to accrued dividends or rights to cumulative dividends of such class;

(4) to reduce or remove a dividend preference or a liquidation preference attached to shares of such class;



(5) to add, remove or reduce conversion, options, voting, transfer or pre-emptive rights or rights to acquire securities of the Company of such class;

(6) to remove or reduce rights of such class of shares to receive payments from the Company in any particular currency;

(7) to create a new class of shares having voting or distribution rights or privileges equal or superior to the shares of such class;

(8) to restrict the transfer or ownership of the shares of such class or to increase any such restrictions;

(9) to issue rights to subscribe for, or convert into, shares in the Company of such class or another class;

(10) to increase the rights or privileges of another class;

(11) to restructure the Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate burden of such restructuring; and

(12) to vary or abrogate the provisions in these Articles of Association.

**Article 122** Regardless of whether an affected class of shareholders originally has voting rights or not, concerned shareholders shall have voting rights at a class meeting on those matters mentioned in items (2) to (8) and items (11) and (12) of Article 121; however, if a shareholder is an interested party, he/she shall not have voting rights at a class meeting.

Article 81 of  
Prerequisite Clauses

The aforesaid interested shareholder shall include the following meanings:

(1) In circumstances where, pursuant to the provisions of Article 31, a Company issues a buy back offer to all shareholders or buys back its own shares through open transactions at the stock exchange, “an interested shareholder” shall refer to a controlling shareholder as in Article 59 of these Article of Association;

(2) In circumstances whereby a Company, pursuant to the provisions of Article 31 of the Articles of Association, buys back its own shares through means of an agreement outside of the stock exchange, “an interested shareholder” shall refer to a shareholder related to such an agreement;

(3) Where a Company is undergoing restructuring, “an interested shareholder” shall refer to a shareholder who assumes liability less than the proportion assumed by shareholders of the same class or who has interests different to other shareholders in the same class.

**Article 123** A resolution at a class meeting may be proposed only after obtaining approval of more than two-thirds of shareholders with voting rights present at the meeting, in accordance with the provisions of Article 122 of the Articles of Association.

Article 82 of  
Prerequisite Clauses

**Article 124** When convening a class meeting, the Company shall issue a written notice forty-five (45) days (including the date of the meeting) in advance of the meeting to notify that class of registered shareholders of those matters to be discussed at the meeting and of the date and location of the meeting. A shareholder who intends to attend the meeting shall send a written reply to the Company twenty (20) days before the commencement of the meeting.

Article 83 of  
Prerequisite Clauses



**Article 125** If the number of shares with voting rights represented by shareholders intending to attend the meeting is more than half of the total number of the said class of shares with voting rights, the Company may convene the class meeting. If not, the Company shall, within five (5) days, make further notice on those matters to be discussed at the meeting and the date and location of the meeting, to shareholders through a public announcement. After this public announcement is made, the Company may convene a class meeting.

Section 6 (2) of Appendix 3 of the Main Board Listing Rules

**Article 126** The notice of a class meeting shall only be to those shareholders who have the right to vote at the meeting.

The procedures to be followed at a class meeting shall be, as far as possible, the same as the procedures to be followed at a general meeting of shareholders. The articles in the Articles of Association dealing with the procedures to be followed at a general meeting of shareholders shall apply to a class meeting.

Article 84 of Prerequisite Clauses

**Article 127** Apart from shareholders with other classes of shares, holders of domestic shares and holders of Foreign Invested Shares Listed Overseas shall be recognised as different classes of shareholder.

Article 85 of Prerequisite Clauses

The special procedures for voting by a class of shareholders shall not be applied in the following circumstances:

Section 1 (f) of Appendix 13D of the Main Board Listing Rules

(1) Subject to approval by a special resolution of general meeting of shareholders, the Company issues Domestic Shares and/or Foreign Invested Shares Listed Overseas independently or simultaneously once every twelve (12) months, and each of the number of Domestic Shares and Foreign Invested Shares Listed Overseas to be issued does not exceed 20% of the shares of this class already issued;

(2) The scheme for the issue of Domestic Shares and/or Foreign Invested Shares Listed Overseas when establishing the Company has been fulfilled within fifteen (15) months from the date of approval from the China Securities Regulatory Commission; or

(3) Subject to the approval by the securities authority of the State of Council, holders of domestic shares of the Company may transferred their shares to foreign investors and such shares may be listed or traded on an overseas stock exchange.

## Chapter 10 Party Committee

**Article 128** The Company shall establish the Party Committee consisting of a secretary and several other members. Eligible members of the Party Committee may be considered and appointed as members of the board of directors, the supervisory committee and the management through the statutory procedures. Eligible members in the board of directors, the supervisory committee and the management who are members of the Communist Party of China may be considered and appointed as members of the Party Committee in accordance with relevant requirements and procedures. Meanwhile, the discipline inspection committee shall be established as required.

**Article 129** The Party Committee shall perform its duties in accordance with the “Constitution of the Communist Party of China” and other internal regulations of the Party.

(1) To ensure and supervise the Company’s implementation of policies and guidelines of the Party and the State and implement major strategic decisions of the Communist Party of China Central Committee and the State Council, as well as important work arrangements of the superior party organization.

(2) To uphold the integration of the principle of management of cadres by the Party with the function of management team in the lawful exercise of authority of employment of personnel. The Party Committee shall consider and comment on the candidates nominated by the management team, or recommend candidates to the management team. The Party Committee shall establish a management team to evaluate the proposed candidates and put forth comments and suggestions collectively.

(3) To research and discuss the reform, development and stability of the Company, major operational and management issues and major issues concerning employee interests, and provide comments and suggestions thereon.

(4) To undertake the main responsibility to strictly administer the Party in all aspects, lead the Company's ideological and political work, united front work, spiritual civilization construction, corporate culture construction and the work of organisations such as the labour union and the communist youth league, and lead the construction of the party conduct and of an honest and clean administration and support the fulfilment of the supervision responsibility by the discipline inspection committee.

**Article 130** Operating mechanism for the Party Committee to study and discuss major issues will be established. In accordance with the requirement that "study and discussion by the Party Committee of major issues is a prerequisite procedure for any decision-making by the board of directors and the management on such issues," a simple, practicable and efficient operating mechanism for the Party Committee to study and discuss major issues shall be established.

## Chapter 11 The Board of Directors

### Section 1 Directors

**Article 131** The Company shall have a board of directors. The board of directors shall consist of 9 directors, of which three shall be independent directors. The board of directors shall have one chairman and two vice chairmen.

Article 86 of  
Prerequisite Clauses  
Article 106 of  
Guidelines for Articles  
of Association

**Article 132** Directors shall be elected or removed by a general meeting and may be discharged from their positions by the general meeting prior to the expiry of the terms of office. The term of office of a director shall be three years. If the term of office of a director expires, he/she may be re-appointed for consecutive terms if re-elected.

Article 87 of  
Prerequisite Clauses

A director's term of office shall start on the date of taking the position and end on the expiration date of the term of the current board of directors. If, upon the expiry of a director's term of office, a new director cannot be elected on a timely basis, before the re-elected director starts his/her term of office, such director shall continue to perform his/her duties in accordance with laws, administrative regulations, departmental rules and the Articles of Association.

Articles 96 and 111 of  
Guidelines for  
Articles of  
Association

A chairman and vice chairmen shall be elected or removed by more than 50% of the board of directors. The term of office of the chairman and vice chairmen shall be 3 years and they may be re-appointed for consecutive terms if re-elected.

The president or other senior management officer can concurrently serve as a director, but the number of directors who also serve as the president or other senior management positions and the directors who also serve as the employee representatives shall not be more than one-half of the total number of directors of the Company.

Subject to the provisions of the relevant laws and administrative regulations, the general meeting shall have the power by ordinary resolution to remove any director before the expiration of his/her term of office, but without prejudice to any claim made under any contract.

Section 4(3) of Appendix 3 of the Main Board Listing Rules Letter of Supplementary Amendment Advice No. 4

A director shall not be required to hold the Company's shares.

**Article 133** The minimum period during which notice to the Company of the intention to propose a person for election as a director and during which notice to the Company by such person of his willingness to be elected may be given will be at least 7 days, and that the period for lodgment of the notices aforementioned shall commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.

Letter of Supplementary Amendment Advice No. 4  
Section 4(4), (5) of Appendix 3 of the Main Board Listing Rules

**Article 134** A director can resign before the expiry of his term of service. When a director resigns, he should submit a written resignation report to the board of directors.

Article 100 of Guidelines for Articles of Association

If the members of the board of directors fall below the minimum legal requirement due to a director's resignation, the director's resignation shall take effect only after a newly elected director takes his position vacated due to the director's resignation. The remaining of the board of directors shall convene an extraordinary general meeting to elect a new director to take the position vacated due to the last director's resignation as soon as possible.

Except as specified in the preceding paragraph, the director's resignation takes effect when his resignation report is delivered to the board of directors.

**Article 135** When a director's resignation takes effect or his term of service expires, his duty of keeping the Company's trade secret will not expire after the expiry of his term of service, until such secret has gone public.

Article 101 of Guidelines for Articles of Association

**Article 136** In the absence of a legal authorisation by these Articles or by the board of directors, no director can use his personal capacity to represent the Company or the board of directors. When a director makes use of his personal capacity, but a third party reasonably thinks that the director is representing the Company or the board of directors, that director should declare his position and capacity in advance.

Article 102 of Guidelines for Articles of Association

**Article 137** When a director contravenes the law, administrative regulations or these Articles when carrying out his duties, causing losses to the Company, he should be responsible to compensate.

Article 103 of Guidelines for Articles of Association

**Article 138** When a director leaves his office before the expiry of his term of service, causing losses to the Company, he should be responsible to compensate.

Article 99 of Guidelines for Articles of Association

If a director cannot personally attend two consecutive meetings, and does not appoint other directors to attend board of director's meeting, he is treated as not being able to carry out his duties, the board of directors should recommend to the shareholders' meeting to replace him.

## Section 2 Independent Directors

**Article 139** The Company establishes a board of independent directors. Independent directors refer to those do not carry out non-director duties in the Company and the relationship with the Company and the controlling shareholders will not affect their independent and objective judgment as a director of the Company.

Article 4 of the "Establishment of Independent Director Systems by Listed Companies Guiding Opinion"

The term of office of independent directors is three years and may be re-appointed for consecutive terms if re-elected, but the longest term of office shall be no more than six years, except the relevant laws, regulations and listing rules of the stock exchange where the Company's shares are listed stipulated otherwise.

**Article 140** An independent director is required to have the following qualifications:

(1) having the qualifications to hold the position of director in a listed company in accordance with laws, administrative regulations, listing rules of the stock exchange where the Company's shares are listed and other relevant regulations;

(2) being independent as required in listing rules of the stock exchange where the Company's shares are listed;

(3) having a basic knowledge of the operation of listed companies and being familiar with related laws, administrative regulations and rules;

(4) having not less than five years' experience in the law or economics or other working experience required for performing the duties and responsibilities of an independent director; and

(5) fulfill the other conditions specified in the Articles of Association.

**Article 141** In addition to the functions and powers granted to the directors under the Company Law and other relevant laws and regulations, listing rules of the stock exchange where the Company's shares are listed and the Articles of Association, the following special functions and powers should also be granted:

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

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

(3) proposing the convening of a meeting of the board of directors;

(4) to appoint external auditor or consultant to audit and consult specific matters of the Company, relevant cost shall be borne by the Company;

(5) material connected transactions (as determined in accordance with the standards issued by competent regulatory authorities from time to time) shall be submitted to the board of directors for discussion after being approved by the independent directors. Before making determination, the independent directors may appoint an intermediary to issue independent financial advisor's report as the basis for determination.

(6) voting rights may be openly solicited from the shareholders prior to the holding of the shareholders' meeting.

Independent directors should obtain the consent of at least half of all the independent directors before exercising the aforementioned functions and powers. If any of the aforementioned proposals was not accepted or any of the aforementioned functions and powers could not be exercised normally, the Company should disclose the details thereof.

**Article 142** An independent director shall not be removed without cause before the expiration of his term. If an independent director is removed before the expiration of his term, the Company should disclose the same as a matter for special disclosure.

If an independent director fails to attend in person three consecutive board meetings, the board of directors should request the shareholders' general meeting to replace him.

Article 2 of the  
"Establishment of  
Independent Director  
Systems by Listed  
Companies Guiding  
Opinion"

Article 5 of the  
"Establishment of  
Independent Director  
Systems by Listed  
Companies Guiding  
Opinion"

Article 4 of the  
"Establishment of  
Independent Director  
Systems by Listed  
Companies Guiding  
Opinion"

**Article 143** In relation to the system of independent directors, the relevant law, regulations and the relevant rules of the stock exchange where the stocks of the Company are listing shall be comply with if it is not regulated under this section,.

### Section 3 The Board of Directors

**Article 144** The board of directors shall be accountable to the general meeting and shall exercise the following function and powers:

Article 88 of  
Prerequisite Clauses  
Article 105 of  
Guidelines for Articles  
of Association  
Article 107 of  
Guidelines for Articles  
of Association

(1) responsible for convening general meeting and report to those meetings on work matters;

(2) execution of resolutions passed by a general meeting;

(3) determination of the Company's business plans and investment plan;

(4) formulation of the Company's annual budget and final accounting plan;

(5) formulation of the Company's profit distribution and loss recovery plans;

(6) formulation of increase or reduction plans of the Company's registered capital plans;

(7) formulation of the Company's corporate bond issue plans or other securities and listing plans;

(8) drafting of plans on such matters as merger, demerger, dissolution or changing of form;

(9) determination of the internal administrative structure of the Company, determination of the incorporation or withdraw of subsidiaries or other affiliates of the Company;

(10) election of chairman and vice chairmen of the board of directors; deciding the employment or dismissal of the president of the Company and his remuneration;

(11) employment or dismissal of the Company secretary of the board of directors, and employment or dismissal of the chiefs of board of directors' special committees.

(12) employment or dismissal of the Company's vice president, chief accountant, general engineer in accordance with the president's nominations, and deciding their remuneration, reward and disciplinary matters;

(13) formulation of the Company's general management system;

(14) formulation of a plan for the amendment of the Articles of Association;

(15) formulation of the Company's share incentive plans;

(16) determination of the formulation of the board of directors' special committees;

(17) managing the disclosure of information of the Company;

(18) suggesting the board of directors on the hiring or replacement of the accounting firm as the Company's auditors;

(19) receiving the regular or irregular working reports of the Company's president or entrusted senior management, approving president's working report;

(20) Company's external guarantee matters outside the scope authorised by the shareholders' meeting, as stipulated in the Articles of Association;

(21) within the scope authorised by the shareholders' meeting, to decide the Company's external investment, purchase and sale of assets, offering assets as guarantees, appointment to manage finance or to manage associated transactions;

(22) other powers as stipulated in laws, regulations and the listing rules of the stock exchange where the Company's shares are listed, and being granted in general meeting and the Articles of Association.

When the board of directors proposes resolutions on the aforesaid matters, apart from resolutions on matters in items (6), (7), (8) and (14) which must be approved by more than two-thirds majority of the directors, resolutions on other matters may be approved by more than half of directors. The board of directors shall exercise its powers in accordance with the State law, administrative regulation, the Articles of Association and resolutions of shareholders.

The board of directors of the Company should explain at the general meeting in relation to qualified opinion on the audited financial statement as issued by the certified public accountant.

Article 108 of  
Guidelines for Articles  
of Association

**Article 145** The board of directors shall formulate its rules of procedure to ensure its implementation of the resolutions of the shareholders' meeting, improve its work efficiency and ensure scientific decision-making.

Article 109 of  
Guidelines for Articles  
of Association

**Article 146** The board of directors shall establish four specific committees, namely the audit committee, the remuneration and appraisal committee, the nomination committee, and the strategy and investment committee. Under the leadership of the board of directors, the committees, the composition and the terms of reference of which are separately considered and determined by the board of directors, shall assist the board of directors to execute its functions and powers or provide advice or consulting opinions to the board of directors for decision making. All the specific committees shall be accountable to the board of directors, perform their duties in accordance with the Articles of Association and the authorization of the board of directors, and submit resolutions to the board of directors for consideration and decision. All members of the specific committees shall be directors, of which independent directors shall account for the majority of members of the audit committee, remuneration and appraisal committee, and nomination committee, and shall serve as chairman thereof. The chairman of the audit committee shall be an accounting professional.

**Article 147** The Company's investment in other enterprises or provision of guarantee to other parties shall be approved by the resolution via the general meeting or board of directors' meeting as stipulated in the Articles of Association. The Company's provision of provide guarantee to the shareholder or controlling shareholder of the Company shall be approved by resolution via general meeting.

The shareholder of the provisions of the preceding paragraph or the shareholders that being dominated by the actual controlled person of the provisions of the preceding paragraph shall not participate in the voting on matters stipulated in the preceding paragraph. The vote shall be passed by the majority of other shareholders attending the meeting.

The Company shall establish a strict internal control system of external guarantees. All directors should be careful and exercise strict control of the external debt risk.



The external guarantees of the Company shall be taken by the counter party provided that the counter guarantee of risk prevention measures has been implemented. The counter guarantee providers should have the practical ability of the counter guarantee.

Losses of the Company as caused by breach of any laws, regulations, rules and providing guarantee under the provisions of the Articles of Association, the responsible directors shall bear joint and several liabilities.

**Article 148** The board of directors shall not, without the approval of shareholders in general meeting, dispose or agree to dispose of any fixed assets where the aggregate of the value of the consideration for the proposed disposal; and where any fixed assets have been disposed of in the period of four months immediately preceding the proposed disposal, the amount or value of the consideration of any such disposal exceeds 33% of the value of the fixed assets as shown in the last audited balance sheet placed before the shareholders in general meeting.

Article 89 of  
Prerequisite Clauses

For the purpose of this Article, disposal of a fixed asset includes an act involving the transfer of an interest in property other than by way of providing guarantee.

The validity of a transaction for the disposal of fixed assets shall not be affected if a breach of the above-mentioned restriction contained in the provisions of Clause 1 of this Article.

**Article 149** The chairman of the board of directors shall exercise the following powers:

Article 90 of  
Prerequisite Clauses

(1) to preside over general meeting of shareholders and convene and preside over meetings of the board of directors;

Article 112 of  
Guidelines for Articles  
of Association

(2) to supervise and check the implementation of decisions of the board of directors and receiving relevant reports;

(3) to supervise, develop and formulate varied operational regulations of the board of directors and coordinating the operation of the board of directors;

(4) to sign securities issued by the Company;

(5) to sign important documents of the board of directors;

(6) on behalf of the Company to sign any important external documents that is legal binding;

(7) other powers granted by the board of directors or stipulated in laws and regulations or the Articles of Association.

When the chairman of the board of directors is unable to exercise his/her powers, he/she shall appoint a vice chairman to act on his/her behalf.

**Article 150** The vice chairman assists the chairman of the board of directors. When the chairman cannot or does not carry out his duties, they will be carried out by the vice chairman (if the Company has two or more vice chairmen, then these duties will be carried out by the vice chairman nominated by the majority of directors). If the vice chairman cannot or does not carry out his duties, a director nominated by the majority of directors will carry out the duties.

Article 113 of  
Guidelines for Articles  
of Association

**Article 151** The meetings of the board of directors shall be held at least four times per annum and shall be convened by the chairman of the board of directors who shall notify all the directors 14 days before the date of such meeting is held.

Article 91 of  
Prerequisite Clauses

An extraordinary meeting of the board of directors may be convened under any of the following circumstances:

- (1) when more than one-third (1/3) of the directors proposes;
- (2) when the supervisory committee proposes;
- (3) when more than half of the independent directors proposes;
- (4) when the chairman of the board of directors deems necessary;
- (5) when shareholders holding more than 10% (1/10) of voting rights proposes;
- (6) when two or more directors or president propose in case of emergency;

Articles 114 and 115 of Guidelines for Articles of Association

**Article 152** The form of a notice of meetings and extraordinary meetings of the board of directors shall be as follows: by telephone, fax or electronic mail; The time limit for notification shall be: fourteen (14) days before the convention of meeting of the board of directors, there is no time limit for notification of the extraordinary meeting of the board of directors.

Article 92 of Prerequisite Clauses Articles 116 and 117 of Guidelines for Articles of Association

The time and venue of meeting of board of directors can be determined by the board of directors and recorded in the minutes. No separate notice for convening the meeting of the board of directors shall be issued to the directors if the minutes have been sent to all directors at least ten (10) days in advance before the holding of the next meeting.

In the case of a director having attended the meeting, and no dissent of having not received the notice has been raised before or at the meeting, the notice shall be deemed as received.

A notice of the meeting of the board of directors shall at least include the following:

- (1) the time and venue of the meeting;
- (2) the method of holding of the meeting;
- (3) the background and the resolutions to be considered;
- (4) the date of notice;
- (5) the convener and the presider of the meeting, the proponent of the extraordinary meeting as well as the written proposals;
- (6) the meeting materials necessary for voting by directors;
- (7) the requirement that the directors shall attend the meeting in person or appoint another director to attend the meeting;
- (8) contact persons and contact methods.

A verbal notice of meeting shall at least include the contents set out in items (1) and (2) above, as well as explanations for the convening of an extraordinary meeting of the board of directors under urgent circumstances.

The meetings of the board of directors can be convened by way of telephone conference or via communication facilities alike, provided that the aforesaid methods are able to ensure the communication among attending directors, such directors shall be deemed as attending in person.

**Article 153** Except for approving the connected transaction by the board of directors as stipulated in Article 155, a board of director's meeting shall be held provided that it is attended by more than half of the directors.

Article 93 of  
Prerequisite Clauses  
Article 118 of  
Guidelines for Articles  
of Association

Each director shall have one voting right. Except for approving the connected transaction matters by the board of directors as stipulated in Article 155, resolutions of the board of directors must be passed by more than half of all the directors.

When the number of votes cast for and against a resolution is equal, the chairman shall have the right to cast an additional vote.

When a resolution is signed by the respective directors vote in favour which reaches the effective number of cast as stipulated by laws and regulations and the provisions of the Articles of Association, such resolution shall be considered and adopted as a legitimate meeting of board of directors has been held. Such resolution in writing may be composed of multiple copies of a document and signed by each director by way of one or more. For the purpose of this subsection, a document of resolution signed and or contained the director's name and is sent to the Company by mail, facsimile or delivered by hand, shall be deemed as a document signed by the director.

**Article 154** A director shall attend meetings of the board of directors in person. Where a director is unable to attend a board meeting due to any reasons, he/she may authorize another director in writing to vote on his/her behalf at the meeting according to his/her intentions. The letter of proxy shall stipulate the name of the proxy, the subject matter, scope of authorization and valid period, and shall be executed or sealed by the authorizing party. The authorizing party shall bear the legal responsibilities individually.

Article 94 of  
Prerequisite Clauses  
Article 121 of  
Guidelines for Articles  
of Association

The director authorized to attend the meeting shall exercise the right of directors within the scope of authorization. If a director fails to attend a particular meeting of the board of directors nor authorizes any proxy to attend the meeting, he/she shall be regarded to have waived his/her voting rights at such meeting. Independent directors shall not authorize non-independent directors to vote on their behalf.

**Article 155** In the event that a director is connected to companies (it means that the director acts as a director or senior management of the counter party, or can exercise direct or indirect control over a legal person entity of the counter party, or acts as a director or senior management in a legal person entity under direct or indirect control of the counter party) associated with matters to be resolved at the board meeting, such director shall not exercise his/her voting rights on such resolution, nor shall he/she votes on behalf of other director. The board meeting may be convened with a majority of the independent directors. Resolutions shall be approved by a majority of independent directors at the board meeting. When there is less than three independent directors present at the board meeting, such matters shall be submitted to the shareholders' general meeting for consideration.

Article 119 of  
Guidelines for Articles  
of Association

**Article 156** Minutes of meetings of the board of directors shall be recorded on matters discussed at those meetings, the minutes shall be signed by the directors and secretary of the board of directors (minutes taker) present at the meeting. Minutes of board of director's meeting shall be kept for not less than 10 years. Directors shall assume responsibility for any resolution passed at the board meeting. If a resolution passed by the board of directors is in violation of laws, administrative regulations or the Articles of Association so as to result in the Company incurring serious losses, those directors who participated in making those resolutions shall bear liability for compensation towards the Company. However, if a director is able to prove his/her objection to that resolution, and such objection has been recorded in the minutes of the meeting, that director may be exempt from liability.

Article 95 of  
Prerequisite Clauses  
Articles 122 and 123 of  
Guidelines for Articles  
of Association

Minutes of the meeting of board of directors shall include the following contents:

- (1) Date and location of meeting and name of conveynor;
- (2) Names of directors present at the meeting, as well as name of director (proxy) that accept a delegate to attend the meeting of board of directors;
- (3) Agenda of the meeting;
- (4) Script of directors;
- (5) Way of voting for each resolution matters and results (results should set forth the number of votes for or against, or abstained).

**Article 157** For the purpose of a resolution to be passed by an extraordinary meeting of board of directors, if the content of the propose resolutions in writing has been distributed (including facsimile and e-mail) by the board of directors to all directors and it is ensured that the directors can fully express their views and adopt resolutions via electronic means without convening the board of directors meeting, the resolutions shall be valid provided that the number of directors signed for the resolutions must reach the required number as stipulated in the provisions of Article 144.

Article 120 of  
Guidelines for Articles  
of Association

**Article 158** Meeting of the board of directors shall be convened at the Company's legal address in principle, however other places in or outside PRC shall be allowed to convene the meeting if approved by the resolution of the board of directors.

**Article 159** Reasonable expenses incurred by the directors in relation to his attendance at the meeting of the board of directors shall be borne by the Company. Such expenses include travelling expenses from the place of the directors to the place holding the meeting (if the place to hold the meeting is not where the director is), and accommodation during the period of the meeting. Reimbursement such as local travelling expense shall also be borne by the Company.

**Article 160** The opinions of the Party Committee shall be heard before the board of directors decides on material issues of the Company.

## Chapter 12 The Secretary of Board of Directors

**Article 161** The board of directors of the Company shall have a secretary. The secretary of the board of directors shall be a senior officer of the Company and held responsible to the board of directors.

Article 96 of  
Prerequisite Clauses  
Article 133 of  
Guidelines for Articles  
of Association

**Article 162** The secretary of the board of directors shall be a natural person who has the requisite professional knowledge and experience and shall be appointed by the board of directors. The main duties of the secretary are:

Article 97 of  
Prerequisite Clauses

(1) responsible for the Company and the related parties to communicate and liaise with the stock exchange and the securities regulation authority. To ensure the Company has complied with, prepared and submitted the required report and document to the relevant authorities;

(2) responsible for processing the information disclosure of the Company, urge the Company to formulate and implement an information disclosure management system and an internal reporting system of major information, to ensure the Company and the related parties comply with disclosure obligations according to the law, and in accordance with the relevant provisions to prepare for the regular and interim report of disclosure to the stock exchange;

(3) coordinate the relationship between the Company and the investors, receive visitors, answer investors' enquiries, provide the disclosure information of the Company to the investors;

(4) arrange for the general meeting of shareholders and meeting of board of directors in accordance with the stipulated procedures, prepare and submit for the relevant minutes and information;

(5) attend meeting of board of directors, prepare and sign for the minutes;

(6) responsible for the disclosure of the confidential information of the Company, develop security measures, to ensure the directors, supervisors, president and other senior management, and the related personnel to keep secret before disclosure, and remedial measures to be taken in a timely manner when the inside information leaks, and report to the stock exchange;

(7) responsible for the custody of the Company's register of shareholders and directors, and the information of the shares of the Company holding by the controlling shareholders and directors, supervisors, president and other senior management officers, and the documents and minutes of the general meeting of shareholders and the board of directors meeting, to ensure the Company has a complete record of the organization and, to ensure the relevant record and documents be provided to the person that has the right of access to the Company records and documents in time;

(8) assist the directors, supervisors, president and other senior management, to understand the relevant laws, statutes, regulations, other requirements of the listing rules of the stock exchange and the Articles of Association of the Company in relation to disclosure of information and the contents on its legal responsibilities in the listing agreement;

(9) to ensure the board of directors exercise their function and powers in compliance with law. To remind the participating directors and draw attention to the supervisors attended meeting to express their views when the proposed resolution of the board of directors may violation legal, statutes, regulations, listing rules of the stock exchange and other provisions or the Articles of Association of the Company,; if the board of directors insist to make the above resolutions, the secretary of the board of directors shall record the relevant supervisors and individual's view in the minutes and report it to the stock exchange;

(10) any other responsibilities as stipulated in the law, statutes, regulations, listing rules of the stock exchange and other requirements and the provisions of the Articles of Association of the Company;

**Article 163** A director or other senior management of the Company may hold the post of secretary of the board of directors concurrently. An accountant of the accounting firm engaged by the Company shall not be permitted to hold the post of secretary of the board of directors concurrently.

Where the post of secretary of the board of directors is concurrently held by a director and if a certain action requires separate conduct by the director and the secretary of the board of directors, that director holding the post of secretary shall not be permitted to act with dual capacity.

Article 98 of  
Prerequisite Clauses

### Chapter 13 President of the Company

**Article 164** The Company shall have one president, several vice presidents who assist the president with his work; one chief accountant; one general engineer. The president, vice presidents, chief accountant and general engineer shall be appointed and removed by the board of directors.

Article 99 of  
Prerequisite Clauses  
Article 124 of  
Guidelines for Articles  
of Association  
Article 127 of  
Guidelines for Articles  
of Association

The president and other senior management's term of appointment are three (3) years. They can be re-appointed for consecutive terms.

Any personnel who holds other administrative positions other than directors and supervisors in the Company's controlling shareholder shall not serve as a senior management officer of the Company.

**Article 165** The president shall be accountable to the board of directors and exercise the following functions and powers:

Article 100 of  
Prerequisite Clauses

(1) to be in charge of the management of the Company's production and operations and to organize the implementation of resolutions passed by the board of directors and report to the board of directors;

Article 128 of  
Guidelines for Articles  
of Association

(2) to organize the implementation of the Company's annual business plan, investment plan and financing plan;

(3) to draft plans for the establishment of the Company's internal management structure;

(4) to draft plans for the establishment of the Company's branches and sub-branches;

(5) to draft the Company's basic management system;

(6) to formulate detailed rules and regulations of the Company;

(7) to propose the appointment and dismissal of the Company's vice president, chief accountant and general engineer, and to make recommendation on their remunerations;

(8) to appoint or dismiss management personnel other than those appointed and dismissed by the board of directors;

(9) other powers stipulated in the Articles of Association or authorised by the board of directors.

**Article 166** The president shall attend the meetings of the board of directors; if the president is not a director, he/she shall have no voting rights at meetings of the board of directors.

Article 101 of  
Prerequisite Clauses



**Article 167** The president of the Company shall report the status of signing and fulfillment of material contracts and application of funds to the board of directors or the supervisory committee according to the requirements of the board of directors and the supervisory committee. The president shall ensure the authenticity of the report.

When the president of the Company proposes for employee wages, benefits, safety, insurance, dismissal (or terminate the employment) of employees which involves the interest of employee, should listen to the views of the trade unions and the trade union congress of the company in advance.

**Article 168** The president shall lay down his detailed working regulations, to be implemented after approval by the board of directors.

Articles 129 and 130 of Guidelines for Articles of Association

The detailed work rules of the president shall contain the following:

- (1) conditions, procedures and participants of the president's meeting;
- (2) specific duties and respective responsibilities of the president and other senior management;
- (3) funds of the Company, use of funds, authority to enter into material contracts and systems for reporting to the board of directors and the supervisory committee;
- (4) such other matters as are deemed necessary by the board of directors.

**Article 169** The president may resign prior to the expiration of his/her term of office. The detailed procedures for the resignation of the president and other senior management shall be set out in the labour contracts between the president and other senior management and the Company, unless otherwise provided by the laws, administrative regulations and the rules of the place where the shares of the Company are listed.

Article 131 of Guidelines for Articles of Association

**Article 170** The president and other senior management shall be liable for any losses caused to the Company by their breach of any laws, administrative regulations, departmental rules or the Articles of Association during performance of their duties to the Company.

Article 134 of Guidelines for Articles of Association

**Article 171** When exercising powers of office, the president shall comply with laws, administrative regulations and the Articles of Association and shall assume obligations of sincerity and diligence towards the Company.

Article 102 of Prerequisite Clauses

## Chapter 14 Supervisory Committee

**Article 172** The Company shall establish a supervisory committee.

Article 103 of Prerequisite Clauses

**Article 173** The supervisory committee shall comprise three (3) supervisors, of which one (1) is an external supervisor, one (1) is an employee representative supervisor and one (1) is an independent supervisor. A supervisor's term of office is three (3) years. He/She may be re-appointed for consecutive terms if re-elected.

Article 104 of Prerequisite Clauses

If, upon the expiry of a supervisor's term of office, a new supervisor cannot be elected on a timely basis, or if any supervisor resigns before the expiry of his/her term of office so that the number of the members of the supervisory committee is below the quorum, before the re-elected supervisor starts his/her term of office, such supervisor shall continue to perform his/her duties in accordance with provisions of laws, administrative regulations and the Articles of Association.

Articles 137 and 138 of Guidelines for Articles of Association

The supervisory committee shall have one chairman. Any appointment and removal of the chairman of the supervisory committee shall be approved by more than two-thirds (including two-thirds) of the members of the supervisory committee.

Section 1 (d) (i) of Appendix 13D of the Main Board Listing Rules  
Letter of Supplementary Amendment Advice No. 5

**Article 174** The shareholders' representatives shall be elected and removed by the shareholders' general meeting, and the representative of the Company's staff shall be democratically elected and removed by the Company's staff and workers. The number of representatives of the Company's staff and workers shall be no less than one-third of the number of all supervisors.

Article 105 of Prerequisite Clauses  
Section 52 of Company Law

**Article 175** A director, the president or other senior management of the Company shall be prohibited from concurrently holding the position of supervisor.

Article 106 of Prerequisite Clauses  
Article 135 of Guidelines for Articles of Association

**Article 176** Meetings of the supervisory committee shall be convened at least twice a year, once every six months by the chairman of the supervisory committee. Supervisors may propose to convene interim meeting of the supervisory committee. If the chairman of the supervisory committee is unable to perform his duty, or failed to perform his duty, a supervisor elected by more than half of the supervisors shall convene or preside over the meeting of supervisory committee.

Article 107 of Prerequisite Clauses  
Article 145 of Guidelines for Articles of Association  
Section 52 of Company Law

**Article 177** The supervisory committee shall be accountable to the general meeting of shareholders and shall exercise the following function and powers in accordance with law:

Article 108 of Prerequisite Clauses

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

Article 144 of Guidelines for Articles of Association

(2) to supervise conducts of the Company's directors, president and senior management during the performance of their duties, and shall make recommendations for removal of directors and senior management for any violation of laws, administrative regulations, the Articles of Association or resolutions of the general meeting.

(3) to request the Company's directors, president and other senior management to rectify the situation if their acts are harmful to the interests of the Company;

(4) to inspect financial information such as financial reports, business reports, profit distribution plans and other financial documents to be submitted to general meeting of shareholders by the board of directors and, in case of doubt, professionals such as registered accountants and certified auditors may be hired to provide assistance in the name of the Company;

(5) suggest to convene an extraordinary general meeting, to convene and preside over general meetings when the board of directors fails to perform its duties in convening and presiding over general meetings in accordance with the Articles of Association;

(6) to make proposals to the general meetings;

(7) to propose to convene interim meetings of the board of directors;

(8) to elect chairman of the supervisory committee;

(9) to institute legal proceedings to the directors or senior officers of the Company in accordance with the Company Law;

(10) other powers of office as stipulated in laws, regulations and the Articles of Association.

Supervisors shall attend meetings of the board of directors and to propose questions or suggestions on resolution matters discussed on board of directors.

**Article 178** At least ten days' notice by telephone or facsimile shall be given to all supervisors for regular meetings of the supervisory committee. In justified cases, supervisors have the right to request the chairman of the supervisory committee to convene an interim meeting of supervisory committee. At least two days' notice by telephone or facsimile shall be given to all supervisors for interim meetings of the supervisory committee. The aforesaid limit does not apply to any emergent meetings. A notice of meeting shall include the date, location, meeting agenda and date of notice issued.

Article 109 of  
Prerequisite Clauses  
Letter of Supplementary  
Amendment Advice  
No. 6  
Section 1 (d) (ii) of  
Appendix 13D of the  
Main Board Listing  
Rules

A meeting of the supervisory committee shall require more than two-thirds (including 2/3) of supervisors to be present in order to be convened. Supervisory committee meeting is to be voted by poll, and each supervisor has one vote. The supervisory committee meeting should be attended by the supervisors in person. Where a supervisors is for any reason unable to attend, other supervisors may be delegated in writing to attend the meeting of supervisory committee which the letter of proxy shall set forth the authorized range.

Resolutions of regular meeting or interim meeting of the supervisory committee are resolutions of the supervisory committee and shall be passed by more than two-thirds (including 2/3) of supervisors.

**Article 179** The supervisory committee should prepare minutes of meeting on decisions of matters discussed. A supervisor is entitled to request the addition to the minutes of some explanatory record concerning his speech made during the meeting. Supervisors attending the meeting should sign on the minutes. Minutes of the supervisory committee meeting, as a company file, shall be kept by the secretary of the board of directors for 10 years.

Article 147 of  
Guidelines for Articles  
of Association

**Article 180** Supervisory committee shall implement recording system on execution of resolutions of supervisory committee. The resolutions of supervisory committee shall be executive and supervised by designated supervisors. The designated supervisor should record and report result of the execution to the supervisory committee.

**Article 181** When exercising its powers of office, a supervisory committee needs to employ a lawyer, certified public accountant, certified practising auditor or other professional, reasonable fees incurred in so doing shall be borne by the Company.

Article 110 of  
Prerequisite Clauses

Reasonable fees incurred in attending to a supervisory committee meeting for a supervisor, including transportation cost from the supervisor to where the meeting is held (if the place to hold the meeting is not where the supervisor is), accommodations during the meeting, rental of the meeting place, local transportation, etc., shall be borne by the Company.

Section 57 of Company  
Law

**Article 182** A supervisor shall faithfully perform his/her duties of supervision in accordance with laws, administrative regulations and the Articles of Association.

Article 111 of  
Prerequisite Clauses

## Chapter 15 Qualifications and Obligations of Directors, Supervisors, President and Other Senior Management

**Article 183** A person may not hold the position of director, supervisor, president or other senior management in any of the following circumstances:

Article 112 of  
Prerequisite Clauses  
Article 95 of Guidelines  
for Articles of  
Association

- (1) the person 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, where less than three years have elapsed since the date of the business license of the company or enterprise was revoked;

(5) persons who have failed to pay a relatively large debt when due and outstanding on time;

(6) persons banned by the China Securities Regulatory Commission from access to the securities market for a term which has not expired;

(7) the person has been involved in illegal activities which are subject to investigation by the judicial authorities and the case has yet to be settled;

(8) provisions of laws and administrative regulations stipulate that the person is not permitted to assume the position of leader of an enterprise;

(9) the person is not a natural person;

(10) a person of less than five years has elapsed since the date he/she was found to be in violation of the provisions of relevant securities regulations and was involved in deceitful or dishonest activities as ruled by the competent authority;

(11) other circumstances stipulated in provisions of laws and administrative regulations of the place where the Company's shares are listed.

**Article 184** The validity of actions of the director, president and other senior management when acting as representatives of the Company on bona fide third parties shall not be affected as a result of those representatives not conforming to the rules pertaining to the holding of their posts, their election or qualifications.

Article 113 of  
Prerequisite Clauses

**Article 185** Apart from obligations as stipulated in laws, administrative regulations or the listing rules of stock exchanges where the Company's shares are listed, a director, supervisor, president, and other senior management shall, in addition, when exercising his/her powers of office as stipulated by the Company, assume the following obligations towards the shareholders;

Article 114 of  
Prerequisite Clauses

(1) shall not allow the Company to exceed the scope of its business operations as stipulated in its business licence;

(2) shall sincerely take the best interests of the Company as fundamental when conducting business activities;

(3) shall not be permitted to expropriate the Company's property using any means, including (but not limited to) when this involves opportunities beneficial to the Company;

(4) shall not infringe upon the individual rights and interests of shareholders, including (but not limited to) distribution rights and voting rights, however, this shall not include the situation where a company restructure is proposed for adoption by the general meeting of shareholders in accordance with the Articles of Association.

**Article 186** Directors, supervisors, president and other senior management of the Company shall all have responsibility, when exercising their rights and performing their obligations, to adopt the prudence, diligence and skill which would be displayed by a reasonably prudent person in similar circumstances.

Article 115 of  
Prerequisite Clauses  
Article 98 of Guidelines  
for Articles of  
Association

**Article 187** When performing their duties, directors, supervisors, president and other senior management of the Company must abide by the principle of sincerity and shall not place themselves in unfavourable situations in which their interests may conflict with their obligations. This principle shall include (but not limited to) performing the following obligations:

Article 116 of  
Prerequisite Clauses  
Article 97 of Guidelines  
for Articles of  
Association

(1) to sincerely take the best interests of the Company as fundamental in their actions;

(2) to exercise authority within their powers of office and not exceed that power of authority;

(3) to personally exercise the authorised right to handle matters according to one's own judgement and not to be manipulated by others; the right to handle matters according to one's own judgement shall not be passed on to others without the authority of laws and administrative regulations or without the informed consent of the shareholders at general meeting;

(4) to treat the same classes of shareholders equally and to treat different classes of shareholders fairly;

(5) the entering into contracts, deals or arrangements with the Company unless it is stipulated otherwise in the Articles of Association or without the informed approval by the shareholders at general meeting shall be prohibited;

(6) the use of the Company's property to seek personal interests through any means without the informed consent by the shareholders at general meeting shall be prohibited;

(7) the use of powers of office to receive bribes or other illicit interests and the seizure and embezzlement of the Company's property through any means, including (but not limited to) opportunities which are beneficial to the Company shall be prohibited;

(8) the receiving of commissions from Company transactions without the informed consent of the shareholders at general meeting shall be prohibited;

(9) to honour the Articles of Association, to faithfully perform one's duties and to safeguard the Company's interests, and the use of position and powers of office to seek personal interests shall be prohibited;

(10) without the informed consent of the shareholders at general meeting, it shall be prohibited to engage in any activities which are in competition with the Company; and the use of associated relationship to damage the Company's interests shall be prohibited;

(11) it shall be prohibited to embezzle Company funds or to lend company funds to others, and it shall be prohibited to use Company funds to open bank accounts in one's own name or using another's name or to use Company assets to provide guarantees for debts of shareholders of the Company or other persons; and

(12) without the informed consent of the shareholders at general meeting, it shall be prohibited to disclose confidential information concerning the Company which became known in the course of holding the position; unless it is in the Company's interests, such information shall not be used. However, such information may be disclosed to the court or other competent government authorities in the following circumstances:

(a) where it is so required in the law;

(b) where the public interest so requires;

(c) where the interests of such a director, supervisor, president or other senior management themselves so require.

**Article 188** A director, supervisor, president and other senior management shall not be permitted to incite the following persons or organisations ("related parties") to do things which the director, supervisor, president, and other senior management cannot perform:

Article 117 of  
Prerequisite Clauses

(1) the spouse or under age children of the director, supervisor, president and other senior management;

(2) the trustee of that director, supervisor, president and other senior management or trustees of those persons mentioned in item (1) of this Article;

(3) the partner(s) of that director, supervisor, president and other senior management or associates of those mentioned in item (1) or (2) of this Article;

(4) the Company, where it is in reality independently controlled by that director, supervisor, president and other senior management or, in reality, jointly controlled by personnel as mentioned in items (1), (2) or (3) of this Article, or jointly controlled with another director, supervisor, president and other senior management of the Company; and

(5) the directors, supervisors, president and other senior management of that controlled company as mentioned in item (4) of this Article.

**Article 189** The obligations assumed in good faith by a director, supervisor, president or other senior management are not necessarily terminated at the conclusion of his/her post and the obligations of maintaining confidential information concerning the Company's business shall remain valid after the conclusion of his/her post. The periods of validity for other obligations shall be determined in accordance with the principle of fairness and shall depend on the length of time intervening between the occurrence of an event and the time of vacating the post and on the circumstances under which that director, supervisor, president and other senior management ended his/her relationship with the Company.

Article 118 of  
Prerequisite Clauses



**Article 190** The responsibility borne by a director, supervisor, president and other senior management due to violation of a specific obligation may be relieved by an informed meeting of shareholders except in those circumstances stipulated in Article 58 of the Articles of Association.

Article 119 of  
Prerequisite Clauses

**Article 191** When a Company director, supervisor, president or other senior management personnel has significant direct or indirect interests in a contract, deal or arrangement concluded by or intended to be conducted by the Company (apart from engagement contracts concluded between the Company and director, supervisor, president or other senior management), regardless of whether the matter is required to be approved by the board of directors under normal circumstances, the nature and degree of interest shall be promptly disclosed to the board of directors.

Article 120 of  
Prerequisite Clauses

A director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates (as defined pursuant to the Hong Kong Listing Rules as effective from time to time) has a material interest nor shall he be counted in the quorum present at the meeting.

Rule 4(1) of Appendix 3  
of Main Board Listing  
rules

Unless the interested director, supervisor, president or other senior management has disclosed his/her interest to the board of directors according to provisions of the preceding paragraph of this Article, and the board of directors has approved the matter in a vote in which that director, supervisor, president and other senior management has not been included, the Company shall have the right to cancel that contract, deal or arrangement. However, exception shall be made if the other party is a bona fide party which did not know that the actions of the director, supervisor, president and other senior management were in violation of his/her obligations.

If a party related to a Company director, supervisor, president and other senior management or their associate has an interest in a contract, deal or arrangement, that director, supervisor, president and other senior management shall also be regarded as an interested party.

**Article 192** If a director, supervisor, president or other senior management of the Company has, before the Company considers for the first time to conclude a contract, deal or arrangement, notified the board of directors in writing declaring the nature of his/her interest in that contract, deal that the relevant personnel shall be regarded as having made disclosure as stipulated in the preceding Article of this Chapter of those matters in the notification.

Article 121 of  
Prerequisite Clauses

**Article 193** The Company shall not be permitted to pay, using any means, the taxes of its directors, supervisors, president and other senior management.

Article 122 of  
Prerequisite Clauses

**Article 194** The Company shall not be permitted to, directly or indirectly, provide loans to or loan guarantees for directors, supervisors, president and other senior management of the Company or its parent company and the Company shall also not be permitted to provide loans to or loan guarantees for parties related to the aforesaid persons.

Article 123 of  
Prerequisite Clauses

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

(1) where the Company provides loans to its subsidiaries or provides loan guarantees for its subsidiaries;

(2) where the Company, in accordance with the engagement contract approved by the general meeting of shareholders, provides a director, supervisor, president and other senior management of the Company with loans, loan guarantees or other funds for payments made on behalf of the Company or for payments or expenses incurred in the performance of their duties; and

(3) if the scope of the Company's normal course of business includes provision of loans and loan guarantees, the Company may provide loans to or provide loan guarantees for its directors, supervisors, president and other senior management and to their related parties; however, the conditions for the provision of such loans and loan guarantees shall be normal commercial terms.

**Article 195** In the event of the Company providing a loan in violation of the provisions of the preceding Article, regardless of the conditions of provision of that loan, the party receiving the loan shall make prompt repayment.

Article 124 of  
Prerequisite Clauses

**Article 196** In the event of the Company having provided a loan guarantee in violation of the provisions of paragraph 1 of Article 194, the Company shall not be forced to implement that guarantee except in the following circumstances:

Article 125 of  
Prerequisite Clauses

(1) when providing a loan to a related party of a director, supervisor, president and other senior management of the Company or its parent company, the loan provider was unaware of the facts; or

(2) the collateral security provided by the Company has been legally sold to a bona fide purchaser.

**Article 197** Guarantee as mentioned in the preceding article of this Chapter shall include an act whereby the guarantor assumes liability or provides property to ensure that the obligor performs its obligations.

Article 126 of  
Prerequisite Clauses

**Article 198** Where a director, supervisor, president or other senior management of the Company is found to have violated obligations to the Company, apart from the various rights and remedial measures stipulated in laws and administrative regulations, the Company has the power to adopt the following measures:

Article 127 of  
Prerequisite Clauses

(1) to request that the director, supervisor, president and other senior management compensate for losses incurred by the Company due to their negligence in the performance of their duties;

(2) to cancel any contract or deal concluded between the Company and that director, supervisor, president and other senior management, and to cancel any contract or deal concluded between the Company and a third party (if the third party knew or should have known that the director, supervisor, president and other senior management was representing the Company in violation of obligations to the Company);

(3) to request that the director, supervisor, president and other senior management hand over any interests derived in violation of his/her obligations;

(4) to recover funds including (but not limited to) commissions received by that director, supervisor, president and other senior management which should have been collected or collectable by the Company;

(5) to request that the director, supervisor, president and other senior management personnel return any interests earned or which may be earned from any funds which should be handed over to the Company.

**Article 199** The Company should enter into written contract which at least including the following regulations with each of the directors, supervisors and senior management: Rules 19A.54 and 19A.55 of Main Board Listing Rules

(1) the commitment of the directors, supervisors and senior management to the Company which expressly to abide to the 《Company Law》, Prerequisite Clause, the Articles of Association of the Company and any other regulations as stipulated by the Hong Kong Stock Exchange. and agreement that the Company will be entitled to remedies in the Articles of Association and the contracts and positions are not transferable;

(2) the commitment of the directors, supervisors and senior management to the Company to abide to and implement the provisions of their accountability to the shareholders as stipulated in the Articles of Association; and

(3) the term of arbitrations as stipulated in Article 255 of the Article of Association.

**Article 200** The Company shall enter into a written contract on remuneration matters with the director or supervisor of the Company which shall be approved by the general meeting of shareholders in advance. The aforesaid remuneration matters shall include: Article 128 of Prerequisite Clauses

(1) remuneration of directors, supervisors or senior management of the Company;

(2) remuneration of directors, supervisors or senior management of subsidiaries of the Company;

(3) remuneration of the provision of other management services to the Company and its subsidiaries; and

(4) compensatory payments to the directors or supervisors in case of retirement or loss of position.

Except in accordance with the aforesaid contract, a director or supervisor shall not be permitted to initiate legal proceedings against the Company based on benefits receivable for the aforesaid matters.

**Article 201** A contract on remuneration matters concluded between the Company and a director or supervisor of the Company shall stipulate that upon the Company is being acquired, the director or supervisor of the Company shall, under conditions of approval granted in advance by the general meeting of shareholders, be entitled to obtain compensation or other payments as a result of loss of post or retirement. Article 129 of Prerequisite Clauses

The Company is being acquired as referred to in the preceding paragraph shall refer to any of the following instances:

(1) a purchase offer made to all shareholders by any party; or

(2) a purchase offer made by any party intending to become a controlling shareholder. The definition of a controlling shareholder shall be the same as that defined in Article 59 of the Articles of Association.

If a director or supervisor is in violation of the provisions of this Article, any funds received by the director or supervisor shall be owned by those who accepted such offer and sold their shares, expenses incurred on pro rata distribution of such funds shall be borne by that director or supervisor and expenses shall not be deducted from such funds.

## Chapter 16 Financial and Accounting System and Distribution of Profits

**Article 202** The Company shall establish a financial and accounting system in accordance with the law, administrative regulations and the PRC accounting standards formulated by the State Council financial department.

Article 130 of  
Prerequisite Clauses  
Article 149 of  
Guidelines for Articles  
of Association

**Article 203** The Company shall produce financial reports at the end of each financial year which shall be subject to auditing and verification in accordance with the law.

Article 131 of  
Prerequisite Clauses

The Company has adopted the calendar year as its accounting year, i.e. from January 1 to December 31.

**Article 204** The board of directors of the Company shall place before the shareholders at every annual general meeting such financial report as are required by any laws, administrative regulations or directive promulgated by competent local government and central governmental authorities to be prepared by the Company.

Article 132 of  
Prerequisite Clauses

**Article 205** The Company shall make its financial report available for inspection by the shareholders of the Company twenty (20) days before the convening of its annual general meeting. Every shareholder of the Company shall have the right to obtain the financial reports as mentioned in this Chapter.

Article 133 of  
Prerequisite Clauses

A copy of either the financial report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account or income and expenditure account, or the summary financial report shall, at least 21 days before the date of the annual general meeting, be delivered or sent by post to the registered address of every shareholder.

Letter of Supplementary  
Amendment Advice  
No. 7  
Section 5 of Appendix  
3 of Main Board Listing  
Rules

**Article 206** Financial statements of the Company shall be prepared in accordance with the PRC accounting standards and relevant regulations and, in addition, shall also be prepared in accordance with the international accounting standards or the accounting standards of the country or region where the Company is listed. If there are significant discrepancies between the financial statements prepared according to two different accounting standards, such discrepancies shall be clearly indicated in the notes attached to the financial statements. When distributing profits after tax in a financial year, the lesser amount of profits after tax in the two financial statements shall be used as the standard amount.

Article 134 of  
Prerequisite Clauses

**Article 207** When the Company announces or disclose interim results or financial information, it shall be prepared in accordance with the PRC accounting standards and relevant regulations and, simultaneously, shall also be prepared in accordance with the international accounting standards or the accounting standards of the country or region where the Company is listed.

Article 135 of  
Prerequisite Clauses

**Article 208** The Company shall submit its annual financial reports to the securities regulatory authority of the State Council and the stock exchange within four months of the end of each financial year, submit its interim financial reports to the local office of the securities regulatory authority of the State Council and the stock exchange within two months of the end of the first six months of each financial year, and submit its quarterly financial reports to the local office of the securities regulatory authority of the State Council and the stock exchange within one month of the end of the first three and nine months of each financial year.

Article 136 of  
Prerequisite Clauses  
Article 150 of  
Guidelines for Articles  
of Association

These financial reports shall be prepared in accordance with the provisions of relevant laws, regulations and departmental rules and published in accordance with the relevant rules of the securities regulatory authorities of the places where the shares of the Company are listed.

Where the securities regulatory authorities of the places where the shares of the Company are listed provide otherwise, such provisions shall prevail.

**Article 209** The Company shall not be permitted to establish account books other than statutory account books. The Company's assets shall not be permitted to be deposited under any personal accounts.

Article 137 of  
Prerequisite Clauses  
Article 151 of  
Guidelines for Articles  
of Association

**Article 210** The Company establishes a fund of board of directors which is to be withdrawn once a year, the maximum amount of withdrawal is restricted to 0.1 per cent (0.1%) of the profits before tax in the year. Fund is mainly used for as a special contributor award of the board of directors, supervisors, and president, other senior officers and employees of the Company or as a source of risk fund of the director, supervisor, president and other senior management, the specific management measures enacted separately by the remuneration and evaluation committee.

**Article 211** The capital reserve fund shall include the following items:

Article 138 of  
Prerequisite Clauses

- (1) premiums gained on shares issued for more than nominal value;
- (2) other revenue to be charged to the capital reserve fund as stipulated by the State Council financial department.

**Article 212** When the Company is distributing after-tax profits of one year, it should allocate 10% of the profits into the statutory reserve fund. If the cumulated statutory reserve fund reaches more than 50% of the registered capital of the Company, no further allocation is required.

Article 152 of  
Guidelines for Articles  
of Association

When the statutory reserve fund of the Company is insufficient to make up the losses incurred during the previous year, before making allocation to the statutory 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 the Company making allocation to the statutory reserve fund from the after-tax profits, the Company, subject to resolution adopted at a general meeting, also allocates funds from the after-tax profits to the discretionary reserve fund.

After the Company making up for the losses and making contributions to the reserve fund, any remaining profits shall be distributed to the shareholders in proportion to their respective shareholdings, except where it is stipulated in the Articles of Association that profit distributions shall not be made in accordance with the shareholding proportion.

If the 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 reserve fund, the shareholders must return the profits distributed in violation of the provision of the Company.

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

**Article 213** The Company may use the following for distribution of dividends either way (or simultaneously):

Article 139 of  
Prerequisite Clauses  
Article 154 of  
Guidelines for Articles  
of Association

- (1) cash;
- (2) share certificates.

The dividends and other payments paid by the Company to its domestic shareholders shall be valued and declared in Renminbi, and paid in Renminbi within two months after the date of the declaration of dividends. The dividends and other payments paid by the Company to its overseas listed foreign invested shareholders shall be valued and declared in Renminbi, and paid in foreign currency within two months after the date of the declaration of dividends. The exchange rate from related foreign currency to Renminbi shall be the average closing rate posted by People's Bank of China five days before the date of distribution of dividend or other distribution, the transaction of foreign currency the Company needs to pay its foreign invested shareholders is subject to the regulations of the State Administration of Foreign Exchange. The board of directors shall implement the distribution of the Company's dividend authorised by the general meeting as an ordinary resolution.

**Article 214** Basic principles for the profit distribution policy of the Company:

Articles 152 and 155 of  
Guidelines for Articles  
of Association

- (1) The Company shall take into full account of the returns for investors;
- (2) The profit distribution policy of the Company shall be consistent and stable, while taking into account the long-term interests of the Company, the entire interests of shareholders as a whole, and the sustainable development of the Company;
- (3) The Company shall give priority to the method of profit distribution in cash dividends.

**Article 215** The details of the profit distribution policy of the Company are as follows:

Articles 152 and 155 of  
Guidelines for Articles  
of Association

- (i) The Company may distribute profit in cash, in shares or in a combination of both cash and shares or other methods permitted under the laws, regulations and regulatory documents, and shall give priority to the method of profit distribution in cash dividends.



(ii) Dividends may be distributed in cash if the distributable profit realised by the Company (i.e. the profit after taxation after offsetting loss and setting aside reserves) for the year is a positive value and the auditor has issued a standard auditor's report without qualifying opinions on the Company's financial report for the year. The total profit distributed in cash by the Company each year shall not be less than 15% of the distributable profit attributable to the shareholders of the Company for the year. The distributable profit that has not been distributed for the year can be carried forward for distribution in subsequent years. The profit distribution by the Company shall not exceed the total distributable profit or affect the Company's sustainable operation ability.

(iii) The board of directors shall propose differentiated cash dividend policies, after taking into full consideration the characteristics of the industry in which the Company operates, its stage of development, its business model, profitability and whether there are any arrangements for significant capital expenses:

(1) If the Company is at mature stage and there are no arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 80% of the total profit to be distributed;

(2) If the Company is at mature stage and there are arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 40% of the total profit to be distributed;

(3) If the Company is at growth stage and there are arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 20% of the total profit to be distributed;

(4) If the stage of development of the Company is difficult to identify and there are arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 20% of the total profit to be distributed.

The "arrangements for significant capital expenses" above means that the proposed total expenses of the Company in investments, acquisition of assets or purchase of equipment and buildings for the next 12 months reach or exceed 20% of the latest audited net assets of the Company and are more than RMB50 million in absolute value.

(iv) If the conditions for cash dividends set out in the Articles of Association are met, the Company shall actively distribute dividends in cash and shall distribute dividends in cash once each year in principle. The board of directors may propose the distribution of interim dividends in view of the profitability and capital needs of the Company;

(v) In order to maintain the expansion of share capital in line with business growth, the Company may distribute profits through dividends in view of its total distributable profit, capital reserve and cash flow position while meeting the minimum cash dividend percentage and the aforesaid conditions for cash dividends.

**Article 216** Procedures for reviewing the profit distribution proposal of the Company:

Articles 152 and 155 of Guidelines for Articles of Association

(1) The annual profit distribution proposal of the Company shall be raised and prepared by the board of directors in accordance with the requirements of the Articles of Association and in view of the profitability and capital supply and needs. Independent directors shall issue their independent opinions on the profit distribution proposal, which is subject to the consideration and approval by the board of directors before submission to the shareholders' meeting for consideration and approval by the shareholders. Independent directors may seek opinions of minority shareholders, prepare a distribution proposal and submit it directly to the board of directors for consideration.

(2) In considering the profit distribution proposal at the shareholders' meeting, the Company shall provide shareholders with the channel for online voting, or the board of directors, independent directors and shareholders meeting the relevant conditions may solicit voting rights from shareholders, in particular the minority shareholders, in respect of the voting on the profit distribution proposal during the period from the date of registration of shareholding of the shareholders' meeting to the date of the shareholders' meeting.

(3) Subject to the conditions for cash dividends set out in the Articles of Association, if the Company is under special circumstances such as material investment opportunity, great prospects for investment and significant capital needs, and the Company intends not to implement the cash dividend proposal in the immediate future, the board of directors shall explain the specific reason for no cash dividends, the actual and planned uses of proceeds not distributed as dividends and disclose the same in regular reports, which shall be proposed at the shareholders' meeting for consideration after the independent directors have expressed their opinions and shall be disclosed on the media designated by the Company.

(4) If any adjustment or change to the policy for cash dividends of the Company is indeed necessary, they shall be made in order to protect the interests of the shareholders. The board of directors shall thoroughly discuss the reasonableness of the adjustment or change to the profit distribution proposal and pass it as a resolution before submission to the shareholders' meeting for consideration. When being considered at the shareholders' meeting, it shall be passed by shareholders holding more than 2/3 voting rights of all shareholders attending the shareholders' meeting.

**Article 217** The Company may adjust its profit distribution policy under the following circumstances:

Articles 152 and 155 of Guidelines for Articles of Association

(1) occurrence of force majeure such as war and natural disasters;

(2) the Company suffers loss as a result of material adverse effect on the production and operation of the Company due to significant changes in the national laws, regulations and industry policies;

(3) the percentage of net cash flows from operating activities to net profit of the Company for each of three consecutive financial years is lower than 20% due to material changes in the external operating environment or the own operation of the Company;

(4) there are material changes in the own operation of the Company which require the adjustment to the profit distribution policy;

(5) the adjustment to the profit distribution policy is required in order to protect the interests of the shareholders or maintain the normal and sustainable development of the Company.

**Article 218** The reserves of the Company may be utilised to make up for the losses of the Company, expand its production and operation or increase its capital. However, capital reserve may not be utilised to make up for the losses of the Company.

Article 153 of Guidelines for Articles of Association

When capitalising the statutory reserve, the remaining balance of such reserve shall not be less than 25% of the registered capital of the Company prior to the capitalisation.

**Article 219** That any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

Section 3(1) of Appendix 3 of Main Board Listing Rules

**Article 220** The Company shall commission a collecting agent for holders of foreign invested shares listed overseas. A collecting agent shall collect dividends on foreign invested shares and other payable items from the Company on behalf of relevant shareholders.

Article 140 of  
Prerequisite Clauses

A collecting agent commissioned by the Company shall meet the requirements of the law in the place where the Company is listed or relevant regulations of the stock exchange.

Supplementary  
Modification Letter No.  
8/Section 1(c) of  
Appendix 13D of Main  
Board Listing Rules

A provision to the effect that for its shareholders of overseas listed foreign invested shares listing in Hong Kong, the issuer shall appoint as a collecting agent which is registered as a trust company under the Trustee Ordinance of Hong Kong.

In complying with the relevant PRC laws and regulations and the provisions of the Hong Kong Stock Exchange, subject to unclaimed dividend, the Company may exercise the confiscation of power, but that power in the application of the limitation shall not be exercised before the expiration.

Section 3(2) of  
Appendix 3 of Main  
Board Listing Rules  
Section 13(1) of  
Appendix 3 of Main  
Board Listing Rules

The Company may exercise power to cease sending dividend warrants by post to a holder of foreign shares listed overseas when such warrants have not be cashed twice in a row. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

On the exercise of the power to issue warrants to the holder, unless the Company truly believes that warrants have been destroyed, otherwise, no new warrant is allowed to be issued to replace the lost one.

Subject to the following conditions, the Company has the power to sell the shares of a shareholder who is untraceable according to the way as considered appropriate by the board of directors:

Section 13(2) of  
Appendix 3 of Main  
Board Listing Rules

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

(2) on expiry of the 12 years the Company, upon approval by the securities regulatory authority of the State Council, gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the stock exchange of such intention.

**Article 221** The Company implements an internal audit system and is equipped with full-time auditors. The Company's financial revenues and expenditures and economic activities are under internal auditing supervision.

Article 156 of  
Guidelines for Articles  
of Association

**Article 222** The internal audit system and the responsibilities of the auditors of the Company shall be implemented upon the approval by the board of directors. The person in charge of audit shall be responsible and report on his/her work to the board of directors.

Article 157 of  
Guidelines for Articles  
of Association

## Chapter 17 Appointment of an Accounting Firm

**Article 223** The Company shall appoint a State qualified independent accounting firm to audit the Company's annual financial reports and to examine and verify other financial reports.

Article 141 of  
Prerequisite Clauses  
Article 158 of  
Guidelines for Articles  
of Association

**Article 224** The term of appointment of accounting firm shall commence from the date of conclusion of the current general meeting and end at the date of conclusion of the subsequent general meeting.

Article 142 of  
Prerequisite Clauses

**Article 225** An accounting firm appointed by the Company shall have the following rights: Article 143 of Prerequisite Clauses

(1) to consult, at any time, the Company's accounting books, records or vouchers, and shall have the right to request directors, president or other senior management of the Company to provide relevant data and explanations;

(2) to request the Company to adopt all reasonable measures to obtain from its subsidiaries data and explanations which the accounting firm requires for the performance of its duties;

(3) to attend general meeting and to obtain information which is available to any shareholder who has the right to receive notice of a meeting or on other matters related to the meeting, and to speak at any general meeting about matters related to its functions as accounting firm to the Company.

**Article 226** The Company warrants that the Company will provide the engaged accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information, and the Company shall not refuse to provide or conceal or falsify such documents. Article 160 of Guidelines for Articles of Association

**Article 227** If the position of the accounting firm falls vacant, the board of directors may, before convening a general meeting, appoint an accounting firm to fill the vacancy. However, if, during the period of the vacancy, the Company has other appointed accounting firms, those firms may continue to handle matters. Article 144 of Prerequisite Clauses

**Article 228** Regardless of what is stipulated in a contract concluded between an accounting firm and the Company, the general meeting may, before the duration of appointment of any accounting firm expires, decide to dismiss that firm through the adoption of an ordinary resolution. If such an accounting firm has the right to claim compensation from the Company for reason of such dismissal, that right shall not be affected. Article 145 of Prerequisite Clauses Article 159 of Guidelines for Articles of Association

**Article 229** The remuneration of an accounting firm or methods for determining remuneration shall be decided at a general meeting. The remuneration of an accounting firm appointed by the board of directors shall be determined by the board of directors. Article 146 of Prerequisite Clauses Article 161 of Guidelines for Articles of Association

**Article 230** Decisions on matter relating to the appointment, removal, or non-reappointment of an accounting firm shall be taken at general meeting and such decisions shall be reported to the Securities Committee of the State Council for the record. Article 147 of Prerequisite Clauses

Where a resolution at a general meeting of shareholders is passed to appoint an accounting firm other than an incumbent one so as to fill a casual vacancy in the office of accounting firm, to re-appoint a retiring accounting firm who is appointed by the board of directors to fill a casual vacancy, or to remove an accounting firm before the expiration of his term of office, the following provisions shall apply: Letter of Supplementary Amendment Advice No. 9 Section 1(e)(i) of Appendix 13D of Main Board Listing Rules

(1) A copy of the proposal shall be sent before notice of meeting is given to the shareholders to the person proposed to be appointed or the accounting firm proposing to leave his post or the accounting firm who has left his post.

Leaving includes leaving by removal, resignation and retirement.

(2) If the accounting firm leaving his post makes representations in writing and requests their notification to the shareholders, unless the representations are received too late, the Company shall:

1) in any notice of the resolution given to shareholders, state the fact of the representations having been made; and

2) send a copy of the representations as attachment to the notice to the shareholders according to the delivery methods required in the Articles of Association.

(3) If the accounting firm's representations was not sent under the requirement mentioned in (2) above, the accounting firm may request the representations be read out at the meeting and appeal on it.

(4) An accounting firm who is leaving his post shall be entitled to attend the following meetings:

1) the general meeting of shareholders at which his term of office would otherwise have expired;

2) any general meeting of shareholders at which it is proposed to fill the vacancy caused by his removal; and

3) any general meeting of shareholders convened on his resignation.

An accounting firm who is leaving his post shall be entitled to receive all notices of, and other communications relating to, any such meeting, and to be heard at any such meeting which he attends on any part of the business of the meeting which concerns him as former accounting firm of the Company.

**Article 231** The Company shall advise the accounting firm in advance if it is to be dismissed or not to be reappointed. The accounting firm shall have the right to make a statement in respect of its dismissal or non-reappointment at the general meeting. If an accounting firm resigns, it shall explain to the general meeting whether or not the Company has been involved in any improper dealings.

Article 148 of  
Prerequisite Clauses  
Article 162 of  
Guidelines for Articles  
of Association

(1) Where an accounting firm resigns from its office, it may deposit a notice of resignation to the Company's residence. The notice shall become effective on the date of such deposit or on such later date as may be stipulated in the notice. The notice shall include the following:

Letter of Supplementary  
Amendment Advice  
No. 10  
Section 1(e)(ii) of  
Appendix 13D of Main  
Board Listing Rules

1) a statement to the effect that there are no circumstances connected with its notice of resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or

2) a statement of any such circumstances.

(2) Where a notice is deposited under item (1) of this Article, the Company shall within 14 days send a copy of the notice to the relevant governing authority. If the notice contains a statement under 2) of item (1) of this Article, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas listed foreign invested shares at the address recorded in the register of shareholders.

Section 1(e)(iii) of  
Appendix 13D of Main  
Board Listing Rules  
Section 1(e)(iv) of  
Appendix 13D of Main  
Board Listing Rules

(3) Where the accounting firm's notice of resignation contains a statement under 2) of item (1) of this Article, which should be brought to notice, the accounting firm may require the board to convene an extraordinary general meeting of shareholders for the purpose of giving an explanation of the circumstances in relation to its resignation.

## Chapter 18 Insurance

**Article 232** The Company shall take out insurance in accordance with relevant insurance law of the PRC.

**Article 233** The Company shall formulate a liability insurance system for directors, supervisors, president and other senior management.

## Chapter 19 Labour System

**Article 234** The Company is allowed to institute a labour contract system and is entitled for employment and lay-off staff in accordance with its requirement of business development within the scope of the relevant State law and regulations.

**Article 235** The Company is allowed to determine the salaries and labour system in consideration of its own economic interests and in accordance with the relevant requirements of legislations and the Articles of Association.

**Article 236** The Company shall strive to improve its staff's benefit and working as well as living environment.

**Article 237** Pursuant to the relevant State law and regulations, the Company shall use insurance fund for staff's medical treatment, retirement and unemployment, and formulate labour insurance system.

## Chapter 20 Labour Union

**Article 238** The Company's staff shall organise labour union, hold labour activities and protect legitimate rights of staff in accordance with the law. The Company shall provide necessary conditions for the labour union.

## Chapter 21 Merger and Demerger of the Company

**Article 239** In the case of company merger or demerger, a merger or demerger plan shall be proposed by the board of directors and after the plan is adopted according to the procedures stipulated in the Articles of Association, the relevant procedures for examination and approval shall then be carried out in accordance with the law. If a shareholder objects to a merger or demerger plan, that shareholder shall have the right to request the Company or those shareholders who approve the merger or demerger plan to purchase his/her shares at a fair price. The content of a resolution on company merger or demerger shall be made into a special document to be available for inspection by shareholders.

Article 149 of  
Prerequisite Clauses

The aforesaid document shall be delivered by post for holders of foreign invested shares of the Company.

**Article 240** Merger of the Company may be made by the consolidation merger method or by the new establishment merger method.

Article 150 of  
Prerequisite Clauses

When the Company is undergoing a merger, the various parties to the merger shall sign a merger agreement and a balance sheet and inventory of properties shall be drawn up. Within 10 days of the proposal of a resolution on a company merger, the Company shall notify the various creditors and a public announcement shall be made in the press within 30 days. The creditors shall have the right, within 30 days of receipt of the notice or within 45 days of the date of the public announcement if the notice has not been received, to require the Company to pay its debts or provide guarantee to the amount of its debts.

Articles 171 and 172 of  
Guidelines for Articles  
of Association

Following the merger, the debts receivable and debts payable of the parties to the merger shall be continued or successes by a takeover company or a company newly established as the result of the merger.

Article 173 of  
Guidelines for Articles  
of Association



**Article 241** If the Company is to be demerged, its assets shall be divided accordingly.

Article 151 of  
Prerequisite Clauses

When embarking on a demerger, the parties to the demerger shall sign a demerger agreement and a balance sheet and inventory of properties shall be drawn up. Within 10 days of the proposal of a resolution on a company demerger, the Company shall notify the various creditors and within 30 days a public announcement shall be made in the newspaper which is recognised by the stock exchange where the Company's stock lists.

Article 174 of  
Guidelines for Articles  
of Association

The debts of the Company before the demerger will be jointly and severally liable by the companies formed after the demerger. However, if before the demerger the Company and its creditors have entered into a written contract concerning the repayment of debts, then the former provision does not apply.

Article 175 of  
Guidelines for Articles  
of Association

**Article 242** Where registered items are changed as a result of a company merger or demerger, application shall be made to the Company registration authority or register the amendment in accordance with the law. Where the Company is dissolved, application shall be made to register the cancellation in accordance with the law; where a company is newly established, application shall be made to register the establishment.

Article 152 of  
Prerequisite Clauses  
Article 177 of  
Guidelines for Articles  
of Association

## Chapter 22 Dissolution and Liquidation of the Company

**Article 243** The Company shall terminate its operations and enter into liquidation in accordance with the law in any of the following circumstances:

Article 153 of  
Prerequisite Clauses  
Article 178 of  
Guidelines for Articles  
of Association

- (1) a general meeting of shareholders resolves that there shall be a dissolution;
- (2) dissolution becomes necessary because of company merger or demerger;
- (3) the Company is declared bankrupt in accordance with the law due to inability to discharge its debts;
- (4) cancellation of the business licence, ordered to be closed or cancelled according to the law;
- (5) the operation and management of the Company experience a great difficulty, continuation will lead to significant losses suffered by the shareholders, and the crisis cannot be solved by other means. Shareholders with more than 10% of the voting rights can request the People's Court to dissolve the Company;
- (6) other circumstances as stipulated in laws and regulations that the Company shall be dissolved.

**Article 244** In the case of the Company being dissolved in accordance with the provisions of item (1) of the preceding Article, the Company shall, within 15 days, establish a liquidation committee, the members of which shall be determined by the general meeting of shareholders through an ordinary resolution.

Article 154 of  
Prerequisite Clauses  
Article 180 of  
Guidelines for Articles  
of Association

In the case of the Company being dissolved in accordance with the provisions of item (3) and item (5) of the preceding Article, the People's Court shall, in accordance with laws, organize shareholders, relevant authorities and relevant professionals to form a liquidation committee to conduct the liquidation.

In the case of the Company being dissolved in accordance with the provisions of item (4) of the preceding Article, the competent authority shall organize shareholders, relevant authorities and relevant professionals to form a liquidation committee to conduct the liquidation.

**Article 245** If the board of directors decides that the Company should be liquidated (except the liquidation as a result of Company's declaration of bankruptcy), the notice of the shareholders' general meeting convened for such purpose shall include a statement to the effect that the board of directors has made full inquiry into the position of the Company and that the board holds the opinion that the Company can pay its debts in full within 12 months after the announcement of liquidation.

Article 155 of  
Prerequisite Clauses

Following a resolution on liquidation passed by a general meeting of shareholders, the powers of office of the board of directors shall immediately be terminated.

The liquidation committee shall adhere to the instructions given by the shareholders at general meeting and shall report to the shareholders at general meeting on the income and expenditure of the liquidation committee, the business operations of the Company and progress of the liquidation of the Company at least once a year. The liquidation committee shall submit a final report to the shareholders at general meeting at the conclusion of liquidation proceedings.

**Article 246** The liquidation committee shall, within 10 days of its establishment, notify creditors and make a public announcement in the press within 60 days. The creditors shall, within 30 days of receipt of the notice or within 45 days of the date of the first public announcement if the notice has not been received, report their creditors' right to the liquidation committee. When reporting creditors' right, the matters regarding the creditors' right shall be explained and the supporting documents shall be provided. The liquidation committee shall register the creditors' rights in accordance with the law. During the period of creditors' declaration, the liquidation committee is not permitted to pay debts to creditors.

Article 156 of  
Prerequisite Clauses  
Article 182 of  
Guidelines for Articles  
of Association

**Article 247** The liquidation committee shall exercise the following powers of office during the period of liquidation:

Article 157 of  
Prerequisite Clauses  
Article 181 of  
Guidelines for Articles  
of Association

(1) perform a stocktake of the Company's property and formulate a balance sheet and property inventory;

(2) notify creditors and make public announcement of the liquidation;

(3) handle and finalise matters in relation to the unfinished business affairs of the Company;

(4) pay overdue taxes and taxes incurred during the liquidation process;

(5) clear debts receivable and payable;

(6) dispose of the remaining assets after all debts have been paid;

(7) participate in civil proceedings on behalf of the Company.

**Article 248** A liquidation plan shall be formulated by the liquidation committee after the stocktake of the Company property has been performed and the balance sheet and property inventory have been compiled, and this shall be submitted to the shareholders at general meeting or to relevant authorities in charge for confirmation.

Article 158 of  
Prerequisite Clauses  
Article 183 of  
Guidelines for Articles  
of Association

After the shut down of the Company due to the resolution of dismissal in shareholder's general meeting or declaration of bankruptcy in accordance with the law, or forced to shut down in accordance with the law, no one shall be allowed to share Company's assets without the permission of the liquidation committee.

Payment of debts out of Company property shall be made in the following order of priority: liquidation charges, staff salary, social insurance, legally prescribed compensation, outstanding tax and company debts.

Company property left after full payment in accordance with the provisions of the preceding paragraph shall be distributed to the Company's shareholders according to the category and proportion of their shareholding.

During the liquidation period, the Company continues to exist, but it cannot commence operational activities not related to the liquidation. Before the Company assets have been used to pay off as required by the last paragraph, it shall not be distributed to shareholders.

**Article 249** Where liquidation is carried out as a result of dissolution of the Company, after stocktaking of the Company's assets and compilation of a balance sheet and property inventory, the liquidation committee found that the amount of assets is insufficient to settle debts, it shall promptly apply to the People's Court for a declaration of bankruptcy.

Article 159 of  
Prerequisite Clauses  
Article 184 of  
Guidelines for Articles  
of Association

If a company has been declared bankrupt by the People's Court, the liquidation committee shall hand over liquidation matters to the People's Court.

**Article 250** After the conclusion of liquidation proceedings, the liquidation committee shall compile a liquidation report as well as draw up income and expenditure statements and various financial accounts for the liquidation period which shall be submitted to the shareholders at general meeting or relevant authorities in charge for confirmation following verification by a certified public accountant registered in China.

Article 160 of  
Prerequisite Clauses  
Article 185 of  
Guidelines for Articles  
of Association

Within 30 days from the date of confirmation of the above-mentioned documents by the shareholders' general meeting or the relevant authorities in charge, the liquidation committee shall deliver the same to the Company registry, apply for cancellation of the Company's registration and publicly announce the Company's termination.

**Article 251** Members of the liquidation committee shall be devoted to their duties and perform their liquidation obligations in accordance with the law. They shall not take advantage of their functions and powers to accept bribes or other illegal income, or to take illegal possession of the property of the Company. Where a member of the liquidation committee causes losses to the Company or its creditors intentionally or through gross negligence, he or she shall be liable for compensation.

Article 186 of  
Guidelines for Articles  
of Association

**Article 252** Where the Company is declared bankrupt according to the laws, bankruptcy liquidation shall be conducted in accordance with the law on enterprise bankruptcy.

Article 187 of  
Guidelines for Articles  
of Association

## Chapter 23 Procedures for Amendment of the Articles of Association

**Article 253** The Company shall amend the Articles of Association in any of the following circumstances:

Article 161 of  
Prerequisite Clauses

(1) the provisions of the Articles of Association are in conflict with those of the Company Law or the relevant laws or administrative regulations following their amendment;

Article 188 of  
Guidelines for Articles  
of Association

(2) any change in the position of the Company, resulting in inconsistency with the records in the Articles of Association;

(3) it is decided at the shareholders' meeting to amend the Articles of Association.

**Article 254** Where an amendment to the Company's Articles of Association involves matters provided for in the Prerequisite Clauses, it shall become effective after being examined and approved by departments of examination and approval of companies authorised by the State Council and the State Council Securities Commission; where an amendment to the Company's Articles of Association involves matters of company registration, the registration shall be amended according to law.

Article 162 of  
Prerequisite Clauses  
Article 189 of  
Guidelines for Articles  
of Association

## Chapter 24 Settlement of Disputes

**Article 255** The Company shall comply with the following rules of settlement of disputes:

Letter of Supplementary  
Amendment Advice  
No. 11

(1) In relation to disputes and claims relating to the Company's affairs (i) between the Company and its directors or other senior management, (ii) between the holders of foreign invested shares listed overseas and the Company, between the holders of foreign invested shares listed overseas and the Company's directors, supervisors, president or other senior management, or between the holders of foreign invested shares listed overseas and the holders of domestic shares arising out of rights and obligations provided for in the Articles of Association, the Company Law or other laws and administrative regulations, the parties concerned shall refer the dispute to arbitration for settlement.

Article 163 of  
Prerequisite Clauses

When referring to the aforesaid dispute or claim to arbitration, it shall be the whole dispute or entire claim which is so referred; where those persons who have a cause of action arising out of the same facts or those persons required to participate in the resolution of a dispute or claim are the Company's shareholders, directors, supervisors, president or other senior management or such person is the Company itself, such person shall be subject to arbitration.

Regarding disputes on definition of shareholders or shareholders register, it can be resolved other than by arbitration.

(2) An applicant for arbitration may select the China International Economic and Foreign Trade Arbitration Commission to undertake arbitration according to its rules or, alternatively, may choose the Hong Kong International Arbitration Centre to undertake arbitration according to its rules on securities arbitration. After the applicant for arbitration refers the dispute or claim for arbitration, the opposing party shall participate in the arbitration at the arbitral body chosen by the applicant.

If an applicant chooses the Hong Kong International Arbitration Centre, any party concerned may, in accordance with the rules of the Hong Kong International Arbitration Centre on securities arbitration, request the arbitration to be undertaken in Shenzhen.

(3) In resolving disputes or claims as mentioned in item (1) of this Article through arbitration, the laws of the People's Republic of China shall apply except laws and administrative regulations stipulate otherwise.

(4) An award made by the arbitral body shall be final and have binding effect on the parties concerned.

## Chapter 25 Notices

**Article 256** Except as provided in this Article of Association, for the notice issued by the Company to the overseas listed foreign shareholders, if it is published by announcement, according to the local listing rule requirement, the notice shall be submitted to the Hong Kong Stock Exchange through the e-submission system of the Hong Kong Stock Exchange which will immediately post the notice on the website of the Hong Kong Stock Exchange at the same day. In addition, notice shall also be posted concurrently on the company's website. In addition, the notice shall also be sent either by designated personnel or by prepaid letter in accordance with the mail address of the registered of overseas listed foreign shareholders so that shareholders are fully informed and have enough time to exercise their rights or act according to the terms of the notice.

Section 7(1) and (3) of Appendix 3 of Main Board Listing Rules

The Company's shareholders of the overseas listed foreign shares shall choose in writing whether to receive the corporate communication in way of electronic mail or post, and shall choose to receive either the English version or the Chinese version only, or both. They shall be allowed to give the Company a written notice in advance within reasonable time, to alter the receive method and language version of the aforesaid information in accordance with proper procedure.

**Article 257** If sent or delivered by mail, the corporate communication shall be put into a clearly addressed and postage-prepaid envelope and such corporate communication is deemed to be delivered or sent 48 hours after the envelope is put into post box.

The corporate communication sent to shareholders of the overseas listed foreign shares by the Company shall be announced in one or more media designated by the securities authority of the State Council, and once the announcement is published, such corporate communication shall be deemed to be received by all shareholders of the overseas listed foreign shares.

**Article 258** Even the preceding text clear provides requirements to provides and/or distributed written form of company communications to shareholders, However, in relation to the way the Company to provides and/or distributed company communications to the shareholders in accordance the Hong Kong Listing Rules requirements, provided that either written or implied agreement has been received from shareholders in accordance with the related legal regulations and the regulations of the Hong Kong listed rules amended from time to time, the company is entitled to use electronic way or the website of the Company to publish the communications information of the Company to the shareholders of the Company. Corporate communications including, but not limited to: circulars, annual reports, interim report, quarterly results, notice of general meeting notice, as well as other types of corporate information as listed in the Hong Kong Listing Rules.

## Chapter 26 Supplementary Provisions

**Article 259** In the Articles of Association, 'over', 'within', 'below' all include the number immediately proceeding. 'exceed', 'over' do not include the preceding number.

Article 195 of Guidelines for Articles of Association

**Article 260** In the Articles of Association, the "senior management" means the Company's president, vice president, chief accountant, general engineer, secretary of board of directors. "president" and "vice president" in these Articles refer to "manager" and "deputy manager" in the Company Law.

Article 11 of Guidelines for Articles of Association

**Article 261** The term "accounting firm" as used in the Articles of Association shall have the same meaning as "auditor".

Article 165 of Prerequisite Clauses

As the context may require and pursuant to the regulatory requirements of the places where the securities of the Company are listed, the terms “related” and “related party” used in the Articles of Association shall have the same meaning as (1) “connected” and “connected person” as defined under the Hong Kong Listing Rules, or (2) “related” and “related party” as defined under the SSE Listing Rules respectively.

The term “actual controller” as used in the Articles of Association means the person who is not a shareholder of the Company but is able to control the Company through investment, agreement or other arrangement.

**Article 262** The Articles of Association are in Chinese. In case of inconsistency with a version in any other language, the authentic version is the Chinese version most recently examined and registered by company registration authority. In case of discrepancy between the Chinese version and a version of any other language, the Chinese version shall prevail.

Article 194 of  
Guidelines for Articles  
of Association

The board of directors of the Company is responsible for explaining the Articles of Association; matters not yet resolved in the Articles of Association shall be passed as resolution in general meeting by board of directors.

Article 196 of  
Guidelines for Articles  
of Association