



**中国通号**

**China Railway Signal & Communication Corporation Limited\***

**中國鐵路通信信號股份有限公司**

(在中華人民共和國註冊成立的股份有限公司)

(股票代碼:3969)

**ARTICLES OF ASSOCIATION  
OF  
CHINA RAILWAY SIGNAL & COMMUNICATION  
CORPORATION LIMITED**

Considered and passed at the 2018 Annual General Meeting of the Company  
Implemented on the same date of the 2018 Annual General Meeting of the Company

\* *For identification only.*

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Note: In the margin notes to the provisions of these Articles of Association, the “**Mandatory Provisions**” refers to the *Mandatory Provisions for Articles of Association of Companies Listed Overseas (Zheng Wei Fa[1994] No. 21)* jointly issued by the former State Economic Restructuring Commission and the former State Council Securities Committee; the “**Company Law**” refers to the *Company Law of the People’s Republic of China*; the “**Zheng Jian Hai Han**” refers to the *Circular Regarding Comments on the Amendments to Articles of Association of Companies Listed in Hong Kong (Zheng Jian Hai Han [1995] No.1)* jointly issued by the China Securities Regulatory Commission and the former State Economic Restructuring Commission; the “**Guidelines**” refers to the *Guidelines for the Articles of Association of Listed Companies (2014 Second Revision) (the Announcement of China Securities Regulatory Commission [2014] No. 47)* issued by the China Securities Regulatory Commission; the “**Instructive Opinions on Independent Directors**” refers to the *Instructive Opinions on Setting up Independent Directors’ System in Listed Companies (Zheng Jian Fa [2001] No. 102)* issued by the China Securities Regulatory Commission; the “**Regulations**” refers to the *Regulations on Enhancing Protection of Public Shareholders’ Interests (Zheng Jian Fa [2004] No. 118)* issued by the China Securities Regulatory Commission; the “**Listing Rules**” refers to the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*; “**Appendix 3**” refers to Appendix 3 “Articles of Association” of the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*; “**Appendix 13D**” refers to Part D “the People’s Republic of China” of Appendix 13 “Additional Requirements in Respect of Certain Jurisdictions” of the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*; “**Appendix 14**” refers to Appendix 14 “Corporate Governance Code and Corporate Governance Report” of the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*.

## CHAPTER 1 GENERAL PROVISIONS

**Article 1** In Order to protect the legal rights and interests of China Railway Signal & Communication Corporation Limited (hereinafter referred to as the “**Company**”), its shareholders and creditors, and to regulate the organization and activities of the Company, these Articles of Association is hereby formulated 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 in Relation to the Overseas Offering and Listing of Shares by Joint Stock Limited Companies* (hereinafter referred to as the “**Special Regulations**”), the *Mandatory Provisions for Articles of Association of Companies to be Listed Overseas* (hereinafter referred to as the “**Mandatory Provisions**”), *Letter Regarding Opinion on Supplementary Amendments to Articles of Association of Companies to be Listed in Hong Kong*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* and other relevant regulations.

**Article 2** The Company is a joint stock limited company incorporated pursuant to the Company Law, the Securities Law, the Special Regulations and other relevant laws and regulations of China.

Following approval by the State-owned Assets Supervision and Administration Commission of the State Council, the Company was jointly established by China Railway Signal & Communication Corporation Limited, China National Machinery Industry Corporation, China Chengtong Holdings Group Ltd., China Reform Holdings Corporation Ltd. and CICC Jiacheng Investment Management Co., Ltd. by way of promotion. The Company was registered with the State Administration for Industry & Commerce of the People’s Republic of China and obtained a business license on 29 December 2010.

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

Chinese: 中國鐵路通信信號股份有限公司

English: China Railway Signal & Communication Corporation Limited

English (abbreviation): CRSC

**Article 4** The Company's domicile: 20/F CRSC Building A, 1 Compound, Automobile Museum South Road, Fengtai District, Beijing; Postal code: 100070.

**Article 5** The Company has a registered capital of RMB8,789,819,000.

**Article 6** The Company is a joint stock limited company in perpetual existence.

**Article 7** The Chairman of the Company shall be the legal representative of the Company.

**Article 8** These Articles of Association shall become effective from the date on which the shares of the Company are listed and traded on Stock Exchange of Hong Kong Limited (hereinafter referred to as "**Hong Kong Stock Exchange**"). The Company's current Articles of Association shall automatically become null and void on the date when these Articles of Association comes into effect.

These Articles of Association shall become a legally binding document that regulates the organization and acts of the Company and the rights and obligations between the Company and the shareholders and between shareholders inter se from the date on which they become effective.

**Article 9** These Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors, the president and other senior management members. All the above-mentioned persons may make claims relating to Company's matters in accordance with these Articles of Association.

According to these Articles of Association, shareholders may sue the Company; the Company may sue shareholders; shareholders may sue shareholders; and shareholders may sue directors, supervisors, the President and other senior management members of the Company.

For the purposes of the preceding paragraph, the term "sue" shall include the institution of proceedings in a court or the application to an arbitration institution for arbitration.

**Article 10** All the assets of the Company are divided into shares of equal value. Shareholders shall be liable to the Company to the extent of the shares they subscribed for. The Company shall be liable for its debts to the extent of all of its assets.

**Article 11** The Company may invest in other limited liability companies and joint stock limited companies. The Company's liabilities to an investee shall be limited to the amount of its subscribed capital contribution to such investee and the value of its subscribed shares. However, the Company shall not be a contributor who assumes joint and several responsibilities for the liabilities of the investee unless otherwise prescribed by laws.

**Article 12** According to the Constitution of the Communist Party of China, the Company shall establish an organization under the Communist Party of China. The Party organization will play a leadership role, managing the general situation and ensuring the implementation. The Company shall establish the related working organs of the Party which shall be equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organization.

## **CHAPTER 2 PURPOSE AND SCOPE OF BUSINESS**

**Article 13** The business purpose of the Company is: conducting honest operation and serving the customers both at home and abroad with safe and applicable railway traffic control technology; striving for excellence and building a world-class high and new technology enterprise in the railway traffic control field.

**Article 14** The business scope of the Company includes: manufacturing and sales of communication, signal, electric power, electrification and automatic control equipment in railway, urban rail transport, roadway traffic, airport, port, industrial and mining enterprises; R&D, manufacturing and sales of tramcars and relevant parts and components; scientific research, survey, design, installation and construction contracting of the afore-said projects and ancillary building construction; technical consultation and technical service relating to the afore-said projects; contracting of survey, consultation, design and supervision tasks for overseas projects; contracting of domestic projects under international tender; import and export businesses; leasing of equipment and owned properties; overseas dispatch of the labors undertaking the overseas projects compatible with the Company's capability, scale and performance; general freight. (The business scope shall be subject to approval by the company registration authority. Projects which need to be approved according to law shall obtain approvals from the competent authorities before commencement of businesses activities.)

## **CHAPTER 3 SHARES AND REGISTERED CAPITAL**

### **Section 1 Issuance of Shares**

**Article 15** The Company shall have common shares at all times. Subject to the approval from the approval authority under the State Council, the Company may have other classes of shares according to its requirements.

**Article 16** The shares of the Company shall take the form of share certificates. All the shares issued by the Company shall have a par value of RMB1 for each.

**Article 17** The shares of the Company shall be issued in accordance with the principles of equitability and fairness. Each share of the same class shall carry the same rights.

Shares of the same class and the same issue shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares subscribed for by it/him/her.

**Article 18** Subject to approval of the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”), the Company may issue shares to domestic and foreign investors.

The foreign investors referred to in the preceding paragraph mean those investors from foreign countries and from the regions of Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company. Domestic investors mean those investors within the territory of the PRC, excluding the afore-said regions, who subscribe for the shares issued by the Company.

**Article 19** Shares issued by the Company to domestic investors and other qualified investors for subscription in Renminbi shall be referred to as domestic shares (also known as A Shares). Shares issued by the Company to overseas investors and other qualified investors for subscription in foreign currency shall be referred to as foreign shares. Foreign shares which are listed outside the PRC shall be referred to as overseas-listed foreign shares.



For the purposes of the preceding paragraph, the term “foreign currency” means the legal tender, other than Renminbi, of another country or region that can be used to pay subscription moneys to the Company and which is recognized by the competent state foreign exchange control authority.

Overseas-listed foreign shares issued by the Company and listed in Hong Kong are referred to as H shares. H shares are shares listed on the Hong Kong Stock Exchange, denominated in Renminbi and subscribed for and traded in Hong Kong dollars.

Holders of domestic shares and overseas-listed foreign shares are holders of ordinary shares and are entitled to the same rights and undertake the same obligations.

Subject to approval of the competent securities authority of the State Council, holders of domestic shares in the Company may transfer their shares to foreign investors and cause such shares to be listed and traded in overseas. Shares transferred and listed on an overseas stock exchange shall also be subject to the regulatory procedures, regulations and requirements of the overseas stock exchange.

Unless otherwise required by an overseas stock exchange, the listing and trading of shares so transferred on such overseas stock exchange do not need approval by voting in any meetings of class shareholders.

**Article 20** The domestic shares issued by the Company shall be centrally registered with and deposited at China Securities Depository Clearing Corporation Limited. Overseas-listed foreign shares issued by the Company in Hong Kong are mainly deposited at securities clearing companies in Hong Kong and such shares may also be held under the personal names of shareholders.

**Article 21** Upon approval from the approval authority authorized by the State Council, the Company issued 4,500,000,000 shares to its promoters upon its establishment on 29 December 2010, representing 100% of the total issuable ordinary shares of the Company. Among the promoters, China Railway Signal & Communication Corporation Limited held 4,357,540,000 shares (96.8343%), China National Machinery Industry Corporation held 41,900,000 shares (0.9311%), China Chengtong Holdings Group Ltd. held 41,900,000 shares (0.9311%), China Reform Holdings Corporation Ltd. held 41,900,000 shares (0.9311%) and CICC Jiacheng Investment Management Co., Ltd. held 16,760,000 shares (0.3724%).

On 6 December 2013, the Company issued 2,500,000,000 ordinary shares to its original shareholders by way of capital increase on a pro-rata basis, whereby the Company's total number of shares was changed to 7,000,000,000 ordinary shares. Among the promoters, China Railway Signal & Communication Corporation Limited held 6,778,390,000 shares (96.8343%), China National Machinery Industry Corporation held 65,180,000 shares (0.9311%), China Chengtong Holdings Group Ltd. held 65,180,000 shares (0.9311%), China Reform Holdings Corporation Ltd. held 65,180,000 shares (0.9311%) and CICC Jiacheng Investment Management Co., Ltd. held 26,070,000 shares (0.3724%).

**Article 22** Upon approval by the CSRC under Zheng Jian Xu Ke (2015) No.1630 (證監許可[2015]1630號文), the Company initially issued to foreign investors 1,789,819,000 overseas-listed foreign ordinary shares (including an over-allotment of 39,819,000 overseas-listed foreign ordinary shares), which were listed on the Main Board of the Hong Kong Stock Exchange.

Pursuant to the *Provisional Measures for the Administration of the Reduction of the Holding of State-Owned Shares in Order to Raise Social Security Funds* and relevant regulations of the State Council, the Company's state-owned shareholders, simultaneously with the issuance of the overseas-listed foreign shares, transferred 178,982,000 state-owned shares held by it into the possession of the National Council for Social Security Fund, which were converted into overseas-listed foreign shares.

Upon completion of the afore-said issuances, the Company had total share capital of 8,789,819,000 shares, comprising a total of 8,789,819,000 ordinary shares, of which 6,821,018,000 shares were domestic shares, accounting for 77.6% of the Company's total ordinary shares in issue; and 1,968,801,000 shares were overseas-listed foreign shares the shareholders of which include National Council for Social Security Fund, accounting for 22.4% of the Company's total ordinary shares in issue.

**Article 23** After the Company's plan for the issuance of overseas-listed foreign shares and domestic shares has been approved by the CSRC, the Board of Directors of the Company may arrange for implementation of such plan by means of separate issues.

**Article 24** The Company's plan for the issuance of overseas-listed foreign shares and domestic shares in accordance with the preceding article may be implemented separately within 15 months from the date of approval by the CSRC.

**Article 25** If the Company issues domestic shares and overseas-listed foreign shares separately within the total number of shares specified in the issuance plan, each such issuance shall be fully subscribed for at one time. If special circumstances make it impossible for each issuance to be fully subscribed for at one time, the shares may be issued in installments subject to the approval of the CSRC.

## **Section 2 Change in and Repurchase of Shares**

**Article 26** According to its business and development requirements, the Company may increase its capital in the following manners in accordance with the provisions of the laws and regulations and subject to the passing of resolutions at a general meeting:

- (1) public offering of shares;
- (2) private placement of shares;
- (3) placing of new shares to existing shareholders;
- (4) allotting new shares to existing shareholders;
- (5) conversion of common reserve funds into share capital;
- (6) other methods prescribed by laws and regulations and approved by relevant PRC regulatory authorities.

After approval is obtained in accordance with the provisions of these Articles of Association, the Company's increase of share capital through issuance of new shares shall be implemented in accordance with the procedures set out in the relevant laws and regulations of the PRC.

**Article 27** The Company may reduce its registered capital in accordance with the procedures set out in the Company Law, other relevant regulations and these Articles of Association.

The reduced registered capital of the Company may not be less than the statutory minimum.

**Article 28** If the Company reduces its registered capital, it must prepare a balance sheet and a list of its property.

The Company shall notify its creditors within 10 days from the date of adoption of the resolution to reduce its registered capital and publish a public announcement in newspapers within 30 days. Creditors shall, within 30 days of receiving written notice, or within 45 days of the date of the public announcement for those who have not received written notice, be entitled to require the Company to pay its debts in full or to provide a corresponding security for repayment

**Article 29** Subject to the provisions and procedures set out in the laws and regulations, departmental rules and these Articles of Association, the Company may repurchase its shares under the following circumstances:

- (1) to reduce the registered capital of the Company;
- (2) to merge with another company that holds shares in the Company;
- (3) to grant shares to employees of the Company as incentives;
- (4) to acquire shares held by shareholders (upon their request) who vote against any resolution proposed in any general meeting on the merger or division of the Company;
- (5) other circumstances approved by laws and regulations or the approval authority authorized by the State Council.

Save as aforementioned, the Company shall not trade in its shares.

**Article 30** The Company may lawfully acquire its shares in any of the following manners:

- (1) to make an offer to all shareholders in proportion to their respective shareholdings;
- (2) to repurchase shares through open transactions on a stock exchange;
- (3) to repurchase by way of agreement outside the stock exchange;
- (4) other means approved by laws and regulations or the approval authority authorized by the State Council.

**Article 31** Where the Company repurchases its shares by way of agreement outside the stock exchange, it shall seek prior approval of shareholders at general meeting in accordance with these Articles of Association. The Company may release or vary a contract so entered into by the Company or waive any of its rights thereunder with prior approval granted at the general meeting in the same manner.

The “contract to repurchase shares” as referred to in the preceding paragraph includes, but not limited to, an agreement to become obliged to repurchase or to acquire the right to repurchase shares.

The Company shall not assign a contract for repurchasing its shares or any of its right thereunder.

With respect to redeemable shares which the Company has the right to repurchase, if the repurchase is to be made in a manner other than through the market or by tender, the repurchase price must be limited to a maximum price; if the repurchase is to be made by tender, tenders shall be made available to all shareholders on the same conditions.

**Article 32** Any repurchase by the Company of its own shares for the purpose of clauses (1) to (3) of Article 28 shall be resolved at the general meeting. After the Company has acquired its shares in accordance with Article 28 under the circumstance set out in clause (1), such shares shall be cancelled within 10 days from the date of repurchase, and for circumstances set out in clauses (2) and (4), such shares shall be transferred or cancelled within 6 months from the date of repurchase.

Where the Company has repurchased its shares pursuant to clause (3) of Article 28, shares so repurchased shall not exceed 5% of the total issued shares of the Company. The repurchase shall be funded by the profit after tax of the Company, and the shares so repurchased shall be transferred to employees within one year.

**Article 33** In case of deregistration of shares, the Company shall apply to the original company registration authority for registration of changes in registered capital. Aggregate nominal value of the cancelled shares shall be deducted from the registered capital of the Company.

**Article 34** Except where the Company is in the course of liquidation, it must comply with the following provisions in repurchasing its outstanding shares:

- (1) if the Company repurchases shares at their par value, the amount thereof shall be deducted from the book balance of the Company's distributable profit and the proceeds of a fresh share offer made to repurchase the old shares;
- (2) if the Company repurchases shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of the Company's distributable profit and the proceeds of a fresh share offer made to repurchase the old shares, and the portion in excess of the par value shall be handled according to the following methods:
  - (i) if the shares being repurchased are issued at their par value, the amount shall be deducted from the book balance of the Company's distributable profit;
  - (ii) if the shares being repurchased are issued at a price higher than their par value, the amount shall be deducted from the book balance of the Company's distributable profit and the proceeds of a fresh share offer made to repurchase the old shares; however, the amount deducted from the proceeds of the fresh share offer may not exceed the total premium obtained at the time of issuance of the old shares nor may it exceed the amount in the Company's premium account (or capital common reserve account) (including the premiums from the fresh share offer) at the time of the repurchase.

- (3) the sums paid by the Company for the purposes set forth below shall be paid out of the Company's distributable profit:
- (i) acquisition of the right to repurchase its own shares;
  - (ii) amendment to any contract for the repurchase of its own shares;
  - (iii) release of any of its obligations under a repurchase contract;
- (4) after the total par value of the cancelled shares has been deducted from the registered capital of the Company in accordance with relevant regulations, that portion of the amount deducted from the distributable profit and used to repurchase shares which corresponds to the par value of the shares repurchased shall be credited to the Company's premium account (or capital common reserve account).

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

**Article 35** Save as otherwise stipulated by the laws, the shares of the Company may be lawfully and freely transferrable free of any lien. The transfer of overseas-listed foreign shares listed in Hong Kong shall be registered with a share registrar in Hong Kong appointed by the Company.

**Article 36** All paid-up overseas-listed foreign shares listed in Hong Kong are free to be transferred pursuant to these Articles of Association, provided that the Board may refuse to recognize any instrument of transfer without assigning any reason unless the following conditions are satisfied:

- (1) the fees required by the Hong Kong Stock Exchange in the Listing Rules or higher fees agreed by the Hong Kong Stock Exchange at that time have been paid, and the instrument of transfer and other documents which are relevant to or would affect the ownership of the shares have been registered;
- (2) the instrument of transfer only relates to the overseas-listed foreign shares listed on the Hong Kong Stock Exchange;

- (3) the stamp duty on the instrument of transfer payable according to laws in Hong Kong has been paid;
- (4) the relevant share certificates and the evidences as may be reasonably required by the Board of Directors to prove the transferor's right to transfer the shares shall be provided;
- (5) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed 4;
- (6) the relevant shares are not subject to any lien of companies.

Where the Board of Directors of the Company refuses to register the transfer of shares, the Company shall, within two months from the date of the application for transfer, deliver a notification to the transferor and transferee informing them of such refusal of registration of share transfer.

Where the holders of the Company's overseas listed foreign invested shares listed in Hong Kong are to transfer all or part of such shares, the transfer shall be effected by instruments of transfer in the usual or common form or in a form prescribed by the designated stock exchange or in any other form approved by the board and may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

**Article 37** The Company shall not accept any shares of the Company as the subject of a pledge.

**Article 38** Shares of the Company held by the promoters shall not be transferred within one year from the date of the initial public offering and listing of shares on any stock exchange.



Directors, Supervisors and the senior management members of the Company shall report to the Company their shareholdings and changes therein and shall not transfer the shares in the Company held by them within one year from the date when the shares of the Company are listed and traded in. Thereafter, the shares transferred in each year during their terms of office shall not exceed 25% of the total number of shares in the Company held by them. The aforesaid persons shall not transfer the shares in the Company held by them within six months from the termination of their services.

**Article 39** Any gains from sale of shares in the Company by any Directors, Supervisors and the senior management members or shareholders holding more than 5% of the shares in the Company within six months after their purchase of the same, and any gains from purchase of shares in the Company by any of the aforesaid parties within six months after sale of the same, shall belong to the Company. The Board of Directors of the Company shall recover such gains from the aforesaid parties.

If the Board of Directors of the Company does not act in accordance with the provisions of the preceding paragraph, shareholders shall be entitled to request the Board of Directors to effect the same within thirty days. If the Board of Directors fails to do so within the aforesaid deadline, the shareholders are entitled to bring a lawsuit at the court in their own names for the interests of the Company.

Where the Board of Directors does not act in accordance with the provisions of the first paragraph of this Article, the responsible Directors shall assume joint liability in accordance with the law.

## **CHAPTER 4 FINANCIAL ASSISTANCE FOR THE PURCHASE OF COMPANY SHARES**

**Article 40** Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to purchasers or prospective purchasers of shares of the Company. Purchasers of shares of the Company as referred to above shall include persons that directly or indirectly assume obligations as a result of purchasing shares of the Company.

Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to the above obligors in order to reduce or release them from their obligations.

The provisions of this Article shall not apply to the circumstances described in Article 41 of these Articles of Association.

**Article 41** The financial assistance referred to in this Chapter includes, but not limited to the following means:

- (1) gift;
- (2) guarantee(including the undertaking of liability by the guarantor or the provision of property by the guarantor in order to secure the performance of obligations by the obligor), or compensation(other than compensation in respect of the Company's own default) or release or waiver of any rights;
- (3) provision of loan or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the assignment of rights arising under, such loan or agreement;
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

The expression “Incurring an obligation” referred to in this Chapter includes the incurring of obligations by the changing of the obligor’s financial position by way of contract or the making of an arrangement(whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

**Article 42** The following activities shall not be deemed to be activities as prohibited in Article 39:

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interest of the Company, and the principal purpose of giving the financial assistance is not for the acquisition of shares of the Company, or the giving of the financial assistance is an incidental part of a master plan of the Company;
- (2) the lawful distribution of the Company’s assets by way of dividend;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction in registered capital, a repurchase of shares or a reorganization of the share capital structure of the Company effected in accordance with these Articles of Association;
- (5) the lending of money by the Company within its scope of business and in the ordinary course of its business(provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company);
- (6) the provision of money by the Company for contributions to employee share schemes(provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company).

## **CHAPTER 5 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**

**Article 43** The shares of the Company shall be in registered form. The share certificates of the Company shall contain the following major particulars:

- (1) the name of the Company;
- (2) the date of incorporation of the Company;
- (3) class of shares, nominal value thereof and the number of shares represented;
- (4) the serial number of the certificate;
- (5) other items to be contained as required by the Company Law, the Special Regulations and the stock exchange where the Company's shares are listed.

The Company may issue overseas listed foreign shares in the form of foreign depository receipts or other derivative means in accordance with the laws and usual practice for securities registration and depository in the place where the Company's shares are listed.

Where the share capital of the Company includes shares which do not carry voting right, the words "non-voting rights" shall appear in the designation of such shares; where the share capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, shall include the words "restricted voting" or "limited voting".

**Article 44** The share certificates shall be signed by the Chairman. Where the stock exchange of the place where the Company's shares are listed requires the share certificates to be signed by other officers, the share certificates shall also be signed by such officers. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The share certificates shall only be affixed with the Company's seal under the authorization of the Board. The signatures of the Chairman or other relevant senior management members of the Company on the share certificates may also be in printed form.

Where the shares of the Company are issued and traded in a paperless form, it shall comply with regulations otherwise stipulated by the securities regulatory authority of the place where the Company's shares are listed.

**Article 45** The Company shall keep a register of shareholders, which shall record the following particulars:

- (1) the name, address(domicile), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid-up or payable in respect of shares held by each shareholder;
- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which a person registers as a shareholder;
- (6) the date on which a person ceases to be a shareholder.

The Company shall keep a register of shareholders in accordance with the evidences provided by the share registrar. The register of shareholders shall be the sufficient evidence for the shareholders' shareholding in the Company, except in cases with contrary evidence.

**Article 46** The Company may, in accordance with the mutual understanding and agreements made between the China Securities Regulatory Commission and overseas securities regulatory authorities, maintain its register of holders of overseas listed foreign shares outside the PRC and appoint overseas agent(s) to manage such register. The original register of holders of overseas listed foreign shares listed in Hong Kong shall be maintained in Hong Kong.

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

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

**Article 47** The Company shall maintain a complete register of shareholders. The register of shareholders shall include the following:

- (1) the register of shareholders maintained at the Company's domicile, other than those parts as described in clauses(2) and(3) of this paragraph;
- (2) the register of shareholders in respect of the holders of overseas listed foreign shares of the Company maintained at the place where the overseas stock exchange where the shares are listed is located;
- (3) the register of shareholders maintained at such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

**Article 48** Different parts of the register of shareholders shall not overlap with one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders.

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

All transfers and assigning of shares shall be registered under the share registrar appointed by the Company.

The Company shall instruct and procure its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such particular holder delivers to such share registrar a signed instrument for such shares containing the declarations.

**Article 49** Transfers may not be entered in the register of shareholders within thirty days prior to the date of a general meeting or within five days prior to the record date set by the Company for the purpose of distribution of dividends.

**Article 50** When the Company intends to convene a general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholder's equity, the Board or the convener of the general meeting shall appoint a record date for the registration of shareholdings, and shareholders whose names appear on the register of shareholders at the close of business of the record date shall be shareholders for their entitlements.

**Article 51** Any person who objects to the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

**Article 52** Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may, if his share certificate(that is his "original certificate") is lost, stolen or destroyed, apply to the Company for a replacement share certificate in respect of such shares("relevant shares").

If a holder of the domestic shares has his share certificate stolen, lost and destroyed and applies for a replacement, it shall be dealt with in accordance with the provisions of the Company Law. If a holder of overseas listed foreign shares has his share certificate stolen, lost and destroyed and applies for a replacement, it may be dealt with in accordance with the relevant laws, the rules of the stock exchange and other relevant regulations of the place where the original register of holders of overseas listed foreign shares is maintained.

Where a holder of the Company's overseas listed foreign shares listed in the Hong Kong Stock Exchange has his share certificate lost, the issue of the replacement certificate to the holder of such shares shall comply with the following requirements:

- (1) the applicant shall submit an application to the Company in prescribed form accompanied by a notarial act or statutory declaration;

The notarial act or statutory declaration shall contain the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as declaring that no other person shall be entitled to request to be registered as the shareholder in respect of the relevant shares;

- (2) no statement has been received by the Company from a person other than the applicant for having his name registered as a holder of the relevant shares before the Company came to a decision to issue the replacement certificate;
- (3) the Company shall, if it decides to issue a replacement certificate to the applicant, make an announcement of its intention to issue the replacement certificate in such newspapers designated by the Board; the announcement shall be made at least once every 30 days in a period of 90 days;
- (4) prior to the publication of its announcement of intention to issue a replacement certificate, the Company shall deliver to the stock exchange where the Company is listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of such stock exchange. The announcement shall be exhibited at the premises of such stock exchange for a period of 90 days. In case an application to issue a replacement certificate has been made without the consent of the registered holder of the relevant shares, the Company shall send by post to such registered shareholder a copy of the announcement to be published;



- (5) If, upon expiration of the 90-day period referred to in items(3) and(4) of this article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to his application;
- (6) Where the Company issues a replacement certificate under this article, it shall forthwith cancel the original certificate and enter the cancellation and issue in the register of shareholders accordingly;
- (7) All expenses relating to the cancellation of an original certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

Where the Company is granted power to issue share warrants to bearers, that no new share warrant shall be issued to replace one that has been lost, unless the issuer is satisfied beyond reasonable doubt that the original has been destroyed.

**Article 53** Where the Company issues a replacement certificate pursuant to these Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares(in the case that he is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 54** The Company shall not be liable for any damages sustained by any person for reason of the cancellation of the original certificate or the issuance of the replacement certificate, unless the claimant proves that the Company had acted fraudulently.

## **CHAPTER 6    RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

**Article 55**    A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders.

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class of shares he holds. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

Shareholders holding shares of different classes shall be entitled to the same rights during the dividend distribution or any other type of distribution.

For the purpose of holders of overseas listed foreign shares, when two or more persons are registered as joint holders of any shares, they shall be deemed to be joint owners of such shares and subject to constraints of the following terms:

- (1) the Company should not register more than four persons as joint holders for any shares;
- (2) all the joint holders of any shares shall jointly assume the liability to pay for all amounts payable for the relevant shares;
- (3) in case one of the joint holders has deceased, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares. But the Board shall have the right, for the purpose of making amendments to the register of shareholders, to demand a death certificate of such shareholder where it deems appropriate to do so;
- (4) with respect to the joint holders of any share, only the joint shareholder listed first on the register of shareholders shall have the right to receive the certificate for the relevant share from the Company, receive notices from the Company, attend the general meeting of the Company and exercise the voting rights attaching to the relevant share; furthermore, any notices served on the aforementioned person shall be deemed served on all of the joint holders of the relevant share. If any one of the joint shareholders issues the Company a receipt in respect of any dividends, bonus or capital returns payable to such joint shareholders, the same shall be deemed a valid receipt issued to the Company by the joint shareholders.

**Article 56** The common shareholders of the Company shall be entitled to the following rights:

- (1) the right to dividends and other distributions in proportion to the number of shares held;
- (2) the right to request, convene, chair, attend or appoint a proxy to attend general meetings and to exercise the voting right thereat in accordance with the laws, regulations and provisions of these Articles of Association;
- (3) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;
- (4) the right to transfer, give or pledge shares held in accordance with the laws and regulations, the securities regulatory rules of the place where the Company's shares are listed and provisions of these Articles of Association;
- (5) the right to obtain relevant information in accordance with the laws and regulations, and provisions of these Articles of Association, including:
  1. the right to obtain a copy of these Articles of Association, subject to payment of the cost of such copy;
  2. the right to inspect and copy, subject to payment of a reasonable charge:
    - (i) the register of all shareholders;
    - (ii) personal particulars of each of the Company's directors, supervisors, president and other senior management members, including:
      - (a) present name and alias and any former name and alias;
      - (b) principal address(domicile);
      - (c) nationality;

- (d) primary and all other part-time occupations and respective positions;
- (e) identification document and its number;
- (iii) the state of the Company's share capital;
- (iv) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;
- (v) stud of the Company's debentures and minutes of general meetings; resolutions of Board meetings, resolutions of meetings of the supervisory committee and the financial and accounting report;
- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;
- (7) to request the company to acquire shares held by shareholders who vote against any resolution proposed in any general meeting on the merger or division of the Company;
- (8) other rights conferred by laws and regulations, and these Articles of Association.

The Company shall not exercise any of its rights to freeze or otherwise impair any of the rights attached to any share by reason only that a person who is interested directly or indirectly therein has failed to disclose his interests to the Company.

In accordance with the regulatory requirements in the place where the Company's shares are listed, the above documents are required to make available at a place in Hong Kong for inspection by the public and shareholders free of charge, and for copying by its shareholders at reasonable charges.

**Article 57** Where a shareholder requests to inspect or obtain a copy of the relevant information set out in Article 55, he shall provide the written documents evidencing the class and number of shares he holds in the Company, and the Company shall provide the information as requested upon verification of the identify of such shareholder.

**Article 58** If a resolution passed at a general meeting or Board meeting of the Company violates the laws and regulations, the shareholders shall have the right to submit a petition to a people's court to render the same as invalid.

Where the procedures for convening or the means of voting at a general meeting or Board meeting violate the laws, regulations or these Articles of Association, or the contents of a resolution violates these Articles of Association, shareholders shall be entitled to submit a petition to a people's court to rescind such resolutions within 60 days from the date on which such resolution is made.

**Article 59** Where the Company incurs losses as a result of violation by Directors, president and other senior management members of the laws, regulations or these Articles of Association in the course of performing their duties with the Company, shareholders individually or jointly holding 1% or more of the Company's shares for more than 180 consecutive days shall be entitled to request in writing the supervisory committee to initiate proceedings in a people's court. Where the Company incurs losses as a result of the supervisory committee's violation of the laws, regulations or these Articles of Association in the course of performing its duties with the Company, the shareholders shall be entitled to make a request in writing to the Board to initiate proceedings in a people's court.

In the event that the supervisory committee or the Board refuses to initiate proceedings after receiving the written request of shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within 30 days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, shareholders described in the preceding paragraph shall have the right to initiate proceedings in a people's court directly in their own names in the interest of the Company.

Shareholders described in the first paragraph of this article may also initiate proceedings in a people's court in accordance with the preceding two paragraphs in the event that the lawful interests of the Company are infringed upon by any third parties.

**Article 60** Shareholders may initiate proceedings in the people's court in the event that a Director, president or a senior management member has violated the laws or these Articles of Association, thereby infringing the interests of shareholders.

**Article 61** The common shareholders of the Company shall assume the following obligations:

- (1) to abide by the laws, administrative regulations and these Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) not to divest the shares unless required by the laws and regulations;
- (4) not to abuse the shareholders' rights to impair the interests of the Company or other shareholders; not to abuse the independent legal person position of the Company and the limited liability of shareholders to impair the interests of any creditor of the Company;

Shareholders of the Company who abuse their shareholder's rights and thereby cause losses to the Company or other shareholders shall be liable for indemnity according to the law;

Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly liable for the debts owed by the Company;

- (5) other obligations imposed by laws, regulations and these Articles of Association.

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

Shareholders holding 5% or more of the Company's shares carrying voting rights and who use the shares of the Company as pledge shall give written reports to the Company on the date when such pledges are made.

**Article 62** The controlling shareholder and the de facto controller of the Company shall not use their connected relationship to act in detriment to the interests of the Company. If they have violated relevant provisions and caused damage to the Company, they shall be liable for such damages.

The controlling shareholder and the de facto controller of the Company shall have fiduciary duties towards the Company and its public shareholders. The controlling shareholder shall exercise its rights as a contributor in strict compliance with the laws. The controlling shareholder shall not take advantage of profit distribution, asset restructuring, foreign investment, possession of capital, lending and provision of guarantees to the detriment of the statutory interests of the Company and public shareholders and shall not make use of its controlling status against the interests of the Company and public shareholders.

In addition to obligations imposed by laws, regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder shall not exercise his voting rights with respect to the following matters in detriment to the interests of all or some of the shareholders of the Company:

- (1) to relieve a Director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another person), in any guise, of the Company's assets, including (but not limited to) opportunities beneficial to the Company;
- (3) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights, save for the company restructuring submitted to the general meeting for approval in accordance with these Articles of Association.

## **CHAPTER 7 GENERAL MEETINGS**

### **Section 1 General Provisions of General Meetings**

**Article 63** The general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the law:

- (1) to decide on the operating policies and investment plans of the Company;
- (2) to elect and replace Directors and to determine the remuneration of the relevant Directors;
- (3) to elect and replace supervisors who are not staff representatives and to determine the remuneration of the relevant supervisors;
- (4) to consider and approve the reports of the Board;
- (5) to consider and approve the reports of the supervisory committee;
- (6) to consider and approve the proposed annual financial budgets and final accounts of the Company;
- (7) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (8) to resolve on any increase or reduction of registered capital of the Company;
- (9) to resolve on the issue of bonds, any class of shares, warrants and other similar securities of the Company;
- (10) to resolve on matters such as merger, division, dissolution, liquidation or conversion of corporate form of the Company;
- (11) to amend these Articles of Association, to consider and approve rules of procedures of the general meeting, rules of procedures of meetings of the Board and rules of procedures of the meetings of the supervisory committee;



- (12) to resolve on the appointments, dismissals or non-renewal of accounting firms;
- (13) to consider and approve matters relating to external guarantees as provided in Article 63;
- (14) to consider the resolutions proposed by the shareholders individually or jointly holding more than 3% of the shares with voting rights;
- (15) to consider matters relating to the purchase, sales material assets by the Company within one year with an aggregate value more than 30% of the Company's latest audited total assets;
- (16) to consider and approve matters relating to change of the use of proceeds;
- (17) to consider the share incentive plan(s);
- (18) to consider the transactions which are required to considered and approved at the general meetings as required by the laws, regulations and regulatory rules in the place where the Company's shares are listed;
- (19) to resolve on the repurchasing the shares of the Company;
- (20) to decide on the Company's donation and sponsorship plans with a single amount in excess of RMB 5 million;
- (21) to consider other matters to be resolved at the general meetings as required by the laws, regulations and regulatory rules in the place where the Company's shares are listed or the provisions of these Articles of Association.

**Article 64** The following external guarantees provided by the Company are subject to the consideration and approval of the general meeting:

- (1) any guarantee provided after the total amount of external guarantees of the Company and its subsidiaries has reached or exceeded 50% of the latest audited net assets of the Company;
- (2) any guarantee provided after the total amount of external guarantees provided by the Company has reached or exceeded 30% of the latest audited total assets of the Company;
- (3) a guarantee provided for other parties with an asset-liability ratio in excess of 70%;
- (4) a single guarantee amount in excess of 10% of the latest audited net assets of the Company;
- (5) a guarantee to be provided in favor of shareholders, de facto controllers and their related parties.

**Article 65** The general meetings may authorize the Board to handle or to delegate to the Board such matters as the general meeting so authorizes and delegates.

Matters which, in accordance with the provisions of the laws, regulations and these Articles of Association, are required to be decided at the general meeting, shall be considered at the general meeting so as to protect the decision-making power of the shareholders of the Company on such matters. Under necessary and reasonable circumstances, the general meeting may authorize the Board and its authorized person to determine, within the scope of authorization granted by such general meeting, specific issues relating to matters which shall be resolved but cannot be decided upon immediately at such general meeting.

An authorization to the Board and its authorized person by the general meeting in relation to matters to be decided by ordinary resolutions shall be passed by shareholders(including their proxies) representing more than half of the voting rights present at the general meeting; an authorization to the Board in relation to matters to be decided by special resolutions shall be passed by shareholders(including their proxies) representing more than two-thirds of the voting rights present at the general meeting. The contents of the authorization shall be clear and specific.

**Article 66** Unless under special circumstances, such as the Company is in crisis etc., without being approved by the general meeting through special resolution, the Company shall not settle a contract that grants the management of all or important business of the Company to a person other than directors, supervisors, the president and other senior management members.

**Article 67** General meetings shall be in the form of annual general meetings and extraordinary general meetings. General meeting shall be convened by the Board. The annual general meeting shall be held once every year within six months after the end of the previous accounting year.

Extraordinary general meeting shall be held by the Company within two months upon occurrence of the following situations:

- (1) the number of directors is less than the number required by the Company Law or less than two-thirds of the number required by these Articles of Association;
- (2) the uncovered losses are in excess of one third of the Company's total share capital;
- (3) shareholders individually or jointly holding 10% or more of the Company's shares request in writing;
- (4) the Board considers it necessary;
- (5) the supervisory committee proposes to hold such meeting;
- (6) other circumstances as required by laws, regulations, regulatory rules in the place where the Company's shares are listed or these Articles of Association.

**Article 68** The place for holding the general meeting of the Company shall be the domicile of the Company or other premises specified in the notice of the general meeting.

The general meeting shall be held in the form of on-site meeting.

## **Section 2 Convening of General Meeting**

**Article 69** A general meeting shall be convened by the Board within the time frame as required by Article 66 of these Articles of Association.

**Article 70** More than one half of the independent non-executive directors shall be entitled to make a proposal to the Board on holding an extraordinary general meeting. Such a proposal shall be made in writing form. For such a proposal, the Board shall give a written reply on whether to agree or not to hold such meeting within ten days upon receipt of the proposal in accordance with the laws, regulations and these Articles of Association.

Where the Board agrees to hold such meeting, a notice of the general meeting shall be given within five days after the resolution of the Board of Directors is made. Where the Board does not agree to hold such meeting, its reasons shall be given in writing and an announcement be made.

**Article 71** The supervisory committees shall be entitled to make a proposal to the Board on holding an extraordinary general meeting and shall make such proposal in written form. The Board shall give a written reply on whether to agree or not to hold such meeting within ten days upon receipt of the proposal in accordance with the laws, regulations and these Articles of Association.

Where the Board agrees to hold such meeting, a notice of the general meeting shall be given within five days after the resolution of the Board is made. Any change to the original proposal in the notice shall be subject to the approval from the Supervisory committees.

Where the Board does not agree to hold such meeting or fails to give a written reply within ten days upon receipt of the proposal, it shall be deemed that the Board is unable or fails to perform its duty of convening a general meeting. In such a case, the supervisory committees may convene and preside over the meeting.

**Article 72** Where shareholders request to hold an extraordinary general meeting or class meeting, the following procedures shall be followed:

- (1) Shareholders who individually or jointly hold 10% or more of the voting shares at the proposed meeting may make a proposal to the Board on holding an extraordinary general meeting or class meeting by signing one or several written requests with same contents in the same format and define the meeting agenda. The above shareholders shall guarantee that the contents of the proposal shall be in compliance with the laws, regulations and these Articles of Association. The Board shall convene such meeting as soon as possible upon receipt of the aforesaid written request. The aforesaid number of shares shall be calculated as of the close of the date or, if it falls on a non-trading date, the prior trading date on which such shareholders request to convene the meeting in writing;
- (2) If the Board is unable to or fails to perform its duty of convening the general meeting or class meetings, the supervisory committee shall convene and preside over such meeting in a timely manner; if the supervisory committee cannot convene and preside over such meeting, shareholders who individually or jointly hold 10% of the shares for more than 90 consecutive days may independently convene and preside over such meeting.

**Article 73** If the supervisory committee or shareholders decide(s) to independently convene a general meeting, it or they must notify the Board in writing and report the same to the local branch of the CSRC and the stock exchange of the place where the Company is located.

The shareholding percentages of the convening shareholders shall not be less than ten percent (10%) prior to the announcement of the resolution(s) of the general meeting.

**Article 74** When the supervisory committee or shareholders independently convene a general meeting, the Board and the Secretary to the Board shall give their cooperation. The Board shall provide the register of shareholders as of the record date.

**Article 75** When the supervisory committee or shareholders independently convene a general meeting, the necessary expenses incurred for the meeting shall be borne by the Company.

### **Section 3 Proposals and Notice of General Meetings**

**Article 76** Contents of the proposals at the general meeting shall fall within the scope of the functions and powers of the general meeting, contain a clear topic and a specific resolution, and comply with relevant laws, regulations and these Articles of Association.

**Article 77** In the event the Company holds a general meeting, the Convener shall issue a written notice 45 days before the general meeting is held, informing all the registered shareholders of the matters to be considered at and the date and place of the meeting. Shareholders who intend to attend the general meeting shall, within 20 days prior to the date of the meeting, serve a written reply on the Company stating that they will attend the meeting.

**Article 78** In the event the Company convenes a general meeting, the Board, the supervisory committee or shareholders individually or jointly holding an aggregate of 3% or more of the Company's shares with voting rights are entitled to submit proposals in writing to the Company.

Shareholders individually or jointly holding 3% or more of the Company's shares may submit ad hoc proposals to the convener of a general meeting in writing ten days prior to the general meeting. The convener shall issue a supplementary notice of the general meeting and announce the content of such ad hoc proposals within two days after receipt thereof.

Except as provided in the preceding paragraph, the convener of a general meeting shall not amend the proposals set out in the notice of the general meeting or add any new proposals subsequent to the issue of the notice of the general meeting.

The general meeting shall not carry out the voting and adopt resolutions on the proposals that are not stated in the notice of the general meeting or fails to meet the requirements under Article 75.

**Article 79** Based on the written replies received 20 days before the date of the general meeting, the Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting. If the number of voting shares represented by the shareholders intending to attend the meeting is more than half of the total number of the Company's voting shares, the Company may hold the general meeting. If not, the Company shall, within five days, inform the shareholders once again of the matters to be considered at and the date and place of the meeting in the form of a public announcement. After such notification by public announcement, the Company may hold the general meeting.

The extraordinary general meeting shall not resolve on any issues not specified in the notice of meeting.

**Article 80** The notice of a general meeting shall:

- (1) be made in writing;
- (2) specify the time, place and duration of the meeting;
- (3) state the issues and proposals to be considered and approved at the meeting;
- (4) provide to the shareholders the information and explanations necessary to make informed decisions on the matters to be discussed. Without limiting the generality of the foregoing, when the Company proposes a merger, repurchase of shares, restructuring of share capital or other reorganization, it shall provide the specific conditions and contract(if any) of the transactions contemplated and duly explain the reason and effect of the transactions;
- (5) contain a disclosure of the nature and extent of the material interests, if any, of any directors, supervisors, the president or other senior management members in any matter to be discussed; and an explanation of the difference, if any, between the way in which the matter to be discussed would affect such directors, supervisors, the president or other senior management members in his capacity as shareholder and the way in which such matter would affect other shareholders of the same class;

- (6) contain the full text of any special resolution to be put forward at the meeting;
- (7) contain conspicuously a statement that all shareholders are entitled to attend and vote at the general meeting, that they may appoint proxy(ies) in writing to attend and vote at such meeting on their behalves and that such proxies need not be shareholders of the Company;
- (8) state the time and place for serving the instruments of proxy for voting at the meeting;
- (9) set out the record date for the shareholders who are entitled to attend the meeting;
- (10) contain the name and contact information of the contact person for the meeting.

If the independent directors are required to express their opinions on a matter to be discussed, such opinion and the reasons therefor shall be disclosed when the notice or supplementary notice of the general meeting is issued.

**Article 81** For the proposed election of directors and Supervisors to be discussed at the general meeting, the following information of candidates for directors and Supervisors shall be fully disclosed in the notice of general meeting which shall at least include the following:

- (1) personal particulars such as education background, work experience and part-time occupations;
- (2) whether any connected relationship with the Company or the controlling shareholder or the de facto controller of the Company exists;
- (3) disclosure of shareholdings in the Company;
- (4) whether they are subject to the punishment of the CSRC or other relevant departments and the penalty of stock exchanges;
- (5) the content as required by the regulatory rules of the places where the Company's shares are listed.



The nomination of each candidate for directors and supervisors shall be proposed as individual proposal.

**Article 82** Unless otherwise provided by laws and regulations, the regulatory rules of the places where the Company's shares are listed and these Articles of Association, a notice of general meeting shall be dispatched to shareholders (regardless of their voting rights at the general meeting) by hand or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of shareholders. For holders of domestic shares, a notice of general meeting may also be made by way of announcement.

The "announcement" referred in the preceding paragraph shall be published within a period of forty-five to fifty days prior to the date of the general meeting in one or more newspapers and journals designated by the CSRC and the regulatory authorities of the places where the Company's shares are listed. Once an announcement is made, all holders of the domestic shares are deemed to have received the relevant notice of the general meeting.

For holders of overseas listed foreign shares, a notice of general meeting may be made or provided by other means as permitted by Article 249 of these Articles of Association, subject to the regulatory rules of the places where the Company's shares are listed.

**Article 83** The accidental omission to give a notice of a meeting to or the non-receipt of notice of a meeting by any person who is entitled to receive the notice shall not invalidate the meeting and the resolutions passed at such meeting.

**Article 84** After the notice of general meeting is issued, the general meeting shall not be postponed or cancelled without a proper reason and the proposals stated in the notice of general meeting shall not be cancelled. In the event of any postponement or cancellation, the convener shall issue an announcement and state the reasons therein at least two working days prior to the original date of the general meeting.

## **Section 4 Holding of General Meetings**

**Article 85** The Board of the Company and other conveners will take necessary measures to ensure the normal order of a general meeting. It/they will take measures to halt acts that disrupt the general meeting, seek to cause trouble or infringe upon the lawful rights and interests of shareholders and promptly report the same to the relevant authorities to investigate and deal with the matter.

**Article 86** All shareholders registered on the record date or their proxies shall be entitled to attend general meetings, and shall exercise their voting rights in accordance with relevant laws, regulations and these Articles of Association.

Shareholders may attend general meetings in person or, alternatively, they may appoint proxy(ies) to attend and vote at the meeting on their behalves.

**Article 87** Any shareholders entitled to attend and vote at a general meeting shall have the right to appoint one or several persons(who may not be shareholders) to act as their proxies to attend and vote at the meeting on their behalves. The proxies so appointed by the shareholders may exercise the following rights:

- (1) have the same rights as the shareholder to speak at the meeting;
- (2) have the right to demand at their own discretion or, jointly with others, a poll;
- (3) have the right to vote by show of hands or a poll. Where more than one proxy is appointed, the proxies may only exercise the voting right at a poll.

**Article 88** Shareholders shall appoint their proxies by written instruments, which shall be signed by the principals or their agents appointed in writing. If the principal is a legal person, the instrument shall be under the seal of the legal person or signed by its director(s) or duly authorized agent(s).

**Article 89** The instrument of appointment by which a shareholder appoints another person to attend a general meeting shall specify the following particulars:

- (1) the names of the principal and of the proxy;
- (2) the number of shares of the principal that the proxy represents;
- (3) whether the proxy has the right to vote;
- (4) separate instructions as to whether to vote for, vote against, or abstain from voting on, each item included on the agenda of the general meeting as an item for consideration thereat;
- (5) whether the proxy has the right to vote on ad hoc proposals that may be added to the agenda of the meeting and the specific instructions as to what vote to cast if he or she has such right to vote;
- (6) the date of issuance and term of validity of the instrument of appointment;
- (7) the signature(or seal) of the principal; if the principal is a legal person, the power of attorney shall bear the seal of the legal person.

**Article 90** The instrument appointing a voting proxy shall be deposited at the domicile of the Company or at such other place as specified in the notice of the meeting within 24 hours prior to the meeting at which the proxy is authorized to vote or 24 hours prior to the specified time of the vote. If the instrument is signed by another person authorized by the principal, the power of attorney or other document authorizing the signature shall be notarized. The notarized power of attorney or other authorizing document shall be deposited together with the instrument appointing the voting proxy at the domicile of the Company or at such other place as specified in the notice of the meeting.

If the principal is a legal person, its legal representative or the person authorized by a resolution of its Board or other decision-making body shall attend the general meeting of the Company as the representative of such legal person.

Where the shareholder is a recognized clearing house(or its proxy) as defined by the Hong Kong Securities and Futures Ordinance, one or more individuals that it deems suitable may be appointed by it to act as its representative(s) at any general meeting or any class shareholders' meeting; however, if two or more individuals are appointed as representatives, their powers of attorney shall specify the number and class of shares involved in the appointment of each such individual. The individual(s) so appointed may exercise the rights of the recognized clearing house(or its proxy) as if he, she or they was or were(an) individual shareholder(s) of the Company.

**Article 91** Any form issued by the Board of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote and enable the shareholders to give separate instructions on each matter to be voted on in connection with each point of discussion of the meeting. The instrument of appointment shall specify that in the absence of instructions from the shareholder, the proxy may vote as he or she thinks fit.

**Article 92** A vote made in accordance with the terms of an instrument of appointment shall be valid notwithstanding the previous death or loss of capacity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the relevant shares, as long as the Company did not receive written notice of the event before the relevant meeting commenced.

**Article 93** If the Company convenes a general meeting, all directors, supervisors, and the secretary to the Board of the Company shall attend the meeting. The president who is not a director of the Company and other senior management members shall be present at the meeting except for proper reasons.

**Article 94** If a general meetings is convened by the Board, the Chairman of the Board shall serve as chairman and preside over the meeting. If the Chairman of the Board is unable to or fails to perform his or her duties, the meeting shall be presided over by the vice chairman of the Board. If the vice chairman of the Board is unable to or fails to perform his or her duties, the meeting shall be presided over by the director jointly elected by at least one half of the directors.

At a general meeting convened in accordance with the statutory procedure by the supervisory committee, the chairman of the supervisory committee shall preside. If the chairman of the supervisory committee is unable to or fails to perform his or her duties, the meeting shall be presided over by the supervisor jointly elected by at least one half of the Supervisors.

If a general meeting is convened by a shareholder himself or shareholders themselves in accordance with the statutory procedure, the meeting shall be presided over by the representative selected by the convener(s).

When a general meeting is held, if the chairman of the meeting violates the rules of procedure, making continuance of the general meeting impossible, with the consent of shareholders holding more than one half of the voting rights present at the meeting, the general meeting may elect a person to serve as chairman of the meeting and the meeting shall continue. If, for any reason, the shareholders are unable to elect a meeting chairman, the shareholder(including his or her proxy) present who holds the greatest number of voting shares shall serve as the meeting chairman and preside over the meeting.

**Article 95** The Company shall formulate the Rules of Procedure for General Meetings which shall specify in detail the procedures for calling and voting at general meeting, and cover notification, registration, the consideration of proposals, voting, vote counting, announcement of voting results, the adoption of meeting resolutions, the keeping and signing of meeting minutes, announcement, etc., as well as the principles for the authorization of the Board by the general meeting. The Rules of Procedure for General Meetings shall serve as an Appendix to these Articles of Association, be drafted by the Board and adopted by the general meeting.

**Article 96** At annual general meetings, the Board and the supervisory committee shall report their work in the preceding year to the general meeting. Each independent non-executive Director shall also give a report on the performance of his or her duties.

**Article 97** The directors, supervisors and senior management members shall give explanations and statements on shareholders' enquiries and recommendations at a general meeting, unless a matter involves trade secrets of the Company that cannot be disclosed at a general meeting.

**Article 98** The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting as well as the total number of their shares carrying voting rights, which shall be the number of shareholders and proxies attending the meeting in person and the total number of their shares carrying voting rights as indicated in the meeting's registration record.

**Article 99** Minutes of general meetings shall be taken by the Secretary to the Board and include the following information:

- (1) time, place and agenda of meeting, and the name of the convener;
- (2) names of the chairman of the meeting, the directors, supervisors, president and other senior management members attending or present at the meeting;
- (3) number of shareholders and proxies attending the meeting, total number of the shares carrying voting rights held by them, and the percentage of shares carrying voting rights held by them in relation to the total number of shares of the Company;
- (4) process of consideration, key points of the speech and voting results for each proposal;
- (5) shareholders' enquiries or recommendations and corresponding answers or explanations;
- (6) names of the vote counter and the scrutineer;
- (7) other matters which shall be recorded in the meeting minutes pursuant to these Articles of Association.

**Article 100** The convener of the meeting shall ensure the truthfulness, accuracy and completeness of the meeting minutes. The directors and supervisors present at the meeting, the secretary to the Board, the convener of the meeting or his representative and the chairman of the meeting shall sign on the meeting minutes. The meeting minutes should be maintained together with the signature book of attending shareholders and letters of attorney of their proxies and valid information on voting as the Company's files for a period of at least ten years.

**Article 101** The convener shall ensure that the general meeting is conducted continually until final resolutions are received and considered. In the event of special reasons such as force majeure resulting in the termination of a general meeting or the failure to receive and consider any resolutions, necessary measures shall be taken to resume the general meeting as soon as practicable; alternatively, the meeting may be terminated in such circumstances with an announcement timely made.

## **Section 5 Resolution and Voting of General meeting**

**Article 102** Resolutions of general meetings are in the form of ordinary resolutions and special resolutions.

An ordinary resolution of a general meeting shall be passed with the approval of more than half of the voting rights held or represented by all the shareholders(including proxies) attending the meeting.

A special resolution of a general meeting shall be passed with the approval of more than two thirds of the voting rights held or represented by all the shareholders(including proxies) attending the meeting.

**Article 103** The following matters shall be adopted by way of ordinary resolutions at general meetings:

- (1) operation guidelines and investment plans of the Company;
- (2) appointment and dismissal of directors and supervisors who are not employees' representatives, and their remuneration and the payment thereof;
- (3) work reports of the Board and the supervisory committee;
- (4) annual budget plans, final account plans of the Company;
- (5) profit distribution plans and loss recovery plans prepared by the Board;
- (6) appointment, dismissal or discontinuing the appointment of accounting firms;

- (7) matters relating to the changes in the use of proceeds;
- (8) the Company's donation and sponsorship plans in the amount of more than RMB5 million at a single time;
- (9) other matters other than those required by the laws and regulations, the regulatory rules of the places where the Company's shares are listed or these Articles of Association to be adopted by special resolutions.

**Article 104** The following matters shall be adopted by way of special resolutions at general meetings:

- (1) increase or reduction in the registered capital of the Company;
- (2) issue of corporate bonds, shares of any class, stock warrants and other similar securities;
- (3) the division, merger, dissolution, liquidation or change in the corporate form of the Company;
- (4) amendments to these Articles of Association;
- (5) the purchases and disposals of material assets or guarantees within one year, which exceed 30% of the latest audited total assets of the Company;
- (6) the share incentive schemes;
- (7) share repurchases of the Company;
- (8) any other matters required by the laws and regulations, the regulatory rules of the places where the Company's shares are listed or these Articles of Association, and matters considered in an ordinary resolution adopted at a general meeting having a material impact on the Company, and thus in need of approval by a special resolution.



**Article 105** Shareholders (including proxies) shall exercise their voting rights according to the number of shares carrying voting rights they represent, with one vote for each share.

**Article 106** Voting at a general meeting shall be in the form of a show of hands unless a poll is required by the regulatory rules of the places where the Company's shares are listed, or a poll is (before or after any vote by show of hands) demanded by the following persons:

- (1) the chairman of the meeting;
- (2) at least two shareholders or proxies entitled to vote;
- (3) one or more shareholders (including proxies) individually or jointly holding more than 10% of all shares carrying voting rights at the meeting.

Unless a poll is required in accordance with the preceding paragraph, the chairman of the meeting shall declare whether a resolution has been passed based on a show of hands and record the result in the minutes of meeting as the conclusive evidence. There is no need to provide evidence of the number or percentage of votes in favor of or against such resolution.

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

**Article 107** A poll demanded on such matters as the election of chairman of the meeting or the suspension of the meeting, shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman may decide, and the meeting may proceed to discuss other matters, while the outcome of the poll shall still be deemed to be a resolution of that meeting.

**Article 108** In a voting at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes in the same way.

**Article 109** In case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote.

**Article 110** The chairman of the meeting shall determine whether or not a resolution of the general meeting shall be adopted based on the voting result. His decision shall be final and conclusive, and the voting result shall be announced at the meeting and recorded in the meeting minutes.

**Article 111** When connected transactions are being considered at a general meeting, the connected shareholders shall abstain from voting, and the number of shares carrying voting rights represented by them shall not be counted in the total number of valid votes. The announcement on the resolutions of a general meeting shall fully disclose the voting results of non-connected shareholders.

If any shareholder shall abstain from voting on other resolutions in accordance with the regulatory rules of the places where the Company's shares are listed, or such rules limit any shareholder to vote in favor of or against certain resolution, the voting which violates such requirement or limitation by such shareholder or his proxy shall not be included in the voting results.

**Article 112** List of candidates for Directors and Supervisors who are not employees' representatives shall be submitted in the form of proposals to the general meeting for vote.

Directors and Supervisors who are not employees' representatives shall be nominated in the following manner and procedure:

- (1) a shareholder alone or shareholders together holding at least 3% of the total outstanding voting shares of the Company may propose the candidates for Directors and Supervisors to the general meeting in a written form, provided that the number of persons nominated complies with these Articles of Association and is not greater than the number of persons to be elected. The written materials including their basic particulars and the résumés shall be enclosed;

- (2) the nomination committee of the Board or the supervisory committee may, to the extent of the number of persons specified in these Articles of Association, propose a list of recommended director candidates or supervisor candidates consistent with the number of persons to be elected, and submit the same to the Board or the supervisory committee, as the case may be, for review. Once the Board or the supervisory committee has conducted its review and adopted a resolution determining the director or supervisor candidates, it shall bring the same before the general meeting in the form of a written proposal;
- (3) the nomination of candidates for independent non-executive directors shall be carried out in accordance with laws and regulations and the regulatory rules of the places where the Company's shares are listed;
- (4) the written notices of the intention to nominate director or supervisor candidates and of the nominees indicating their willingness to accept the nomination as well as relevant written materials on the nominees shall be dispatched to the Company at least 14 days before the date of the general meeting. The director candidates shall furnish to the Company an undertaking in writing to accept the nomination, give warranty that the information provided is true and complete and pledge to discharge duties as directors upon election. The Board or the supervisory committee shall provide to the shareholders the résumés and basic particulars of the director or supervisor candidates;
- (5) the period accorded by the Company to the nominators and candidates to submit the aforementioned notices and documents shall not be less than 14 days(counting from the day immediately following the date of issuance of the notice of the general meeting);
- (6) the general meeting votes on each of the director or supervisor candidates;
- (7) when an additional director shall be temporarily nominated, the nomination committee of the Board or the shareholders satisfying the conditions for making such nomination may propose a candidate to the Board for consideration, and to the shareholders' general meeting for election or replacement. When an additional Supervisor shall be temporarily nominated, the supervisory committee may propose a candidate to the shareholders' general meeting for election or replacement.

**Article 113** The general meeting shall vote on each proposal individually. Where there are different proposals on the same issue, voting should be carried out in the chronological order of the proposals raised.

Before the relevant proposal is voted on at a general meeting, two representatives of the shareholders shall be elected for counting the votes and scrutinizing the poll. Any shareholder who is interested in the matter under consideration and his proxy shall not take part in counting the votes or scrutinizing the poll.

When the relevant proposal is being voted on at the general meeting, the representatives of shareholders, the representatives of Supervisors and the relevant persons required by the regulatory rules of the places where the Company's shares are listed shall be jointly responsible for counting the votes and scrutinizing the poll, and the voting result shall be announced at the meeting. The voting results relating to such proposed resolution shall be recorded in the minutes of meeting.

**Article 114** The chairman of the general meeting shall announce the voting status and voting result for each proposal and announce whether a resolution is passed according to the voting result.

Before the voting result is officially announced, the listed company, counter, scrutineer, substantial shareholders and other related parties involved in the on-site general meeting shall keep the voting result in confidential.

**Article 115** Where the chairman of the meeting has any doubt as to the voting result of a resolution proposed for voting, he may request the votes to be counted. If the chairman of the meeting fails to have the votes counted, any shareholder or proxy attending the meeting who objects to the result announced by the chairman of the meeting may require immediately after the declaration that the votes be counted, the chairman of the meeting shall have the votes counted immediately.

**Article 116** Where the votes are counted at a general meeting, the counting results shall be recorded in the meeting minutes. The meeting minutes together with the signature book for shareholders' attendance and the letters of proxy for proxies attending the meeting shall be kept at the domicile of the Company.

**Article 117** The announcement of the resolutions passed at the general meeting shall be timely published and specify the number of the shareholders and proxies attending the meeting, the number of shares carrying voting rights held by them and the percentage of such shares in relation to the total number of shares of the Company, the means of voting, the voting result of each resolution and the details of the resolutions passed.

**Article 118** Where the proposed resolution is not passed, or the general meeting alters the resolution(s) passed at the previous general meeting, a special note shall be made in the announcement of the resolutions of the general meeting.

**Article 119** Where proposed resolutions in relation to the election of directors or Supervisors are passed at a general meeting, the appointment of the new directors or Supervisors shall become effective on the date when the relevant proposals on the election are passed at the general meeting, unless otherwise expressly specified in the resolutions of the general meeting.

**Article 120** Where a proposed resolution in relation to the payment of cash dividends, the issue of bonus shares or the capitalization of capital reserves has been passed at a general meeting, the Company shall implement the specific plans within two months after the conclusion of such general meeting.

**Article 121** Copies of the meeting minutes shall be available for inspection during business hours of the Company by any shareholder without charge. If any shareholder demands from the Company a copy of such minutes, the Company shall deliver the copy within 7 days after the receipt of reasonable costs.

## **CHAPTER 8 SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS**

**Article 122** Shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall be entitled to the rights and assume obligations pursuant to the provisions of laws and these Articles of Association.

**Article 123** Any variation or abrogation of the rights of any class shareholders proposed by the Company may only come into effect upon the adoption of a special resolution at a general meeting and approval by the affected class shareholders at a separate meeting convened in accordance with Articles 124 to 128.

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

**Article 124** The following circumstances shall be deemed to be a variation or abrogation of the rights of a certain class shareholders:

- (1) to increase or decrease the number of shares of such class, or increase or decrease the number of shares of another class carrying rights to voting, distribution or other privileges equal or superior to those of shares of such class;
- (2) to convert all or part of shares of such class into shares of other classes, or to convert or grant a right of conversion of all or part of shares of other classes into shares of such class;
- (3) to remove or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) to reduce or remove the rights to a dividend preference or a liquidation preference in distribution of property attached to shares of such class;

- (5) to add, remove or reduce the rights to conversion, options, voting, transfer, pre-emptive rights to placement and acquisition of securities of the Company attached to shares of such class;
- (6) to remove or reduce the rights to receive payment payable by the Company in particular currencies attached to shares of such class;
- (7) to create a new class of shares carrying rights to voting, distribution or other privileges equal or superior to those of the shares of such class;
- (8) to restrict the transfer or ownership of the shares of such class or increase such restrictions;
- (9) to grant subscription rights or share conversion rights for shares of such class or other classes;
- (10) to increase the rights and privileges of shares of other classes;
- (11) to restructure the Company where the proposed restructuring scheme will result in different classes of shareholders bearing a disproportionate burden of obligations of such restructuring;
- (12) to amend or abrogate the terms provided in this chapter.

**Article 125** Shareholders of the affected class, whether or not having the right to vote at the general meetings, shall nevertheless have the right to vote at class meetings on matters referred to in clauses (2) to (8) and (11) to (12) of Article 123 of these Articles of Association, but interested shareholders shall not be entitled to vote at class meetings.

The interested shareholders referred to in the preceding paragraph have the following meanings:

- (1) In the case of a repurchase of its own shares by the Company by making offers to all shareholders on a same pro rata basis or through public dealing on a stock exchange in accordance with Article 29 of these Articles of Association, “interested shareholder” shall refer to the controlling shareholder as defined in Article 255 of these Articles of Association;
- (2) In the case of a repurchase of its own shares by the Company through an off-market agreement in accordance with the provisions of Article 29 of these Articles of Association, “interested shareholder” shall refer to the shareholder to which the proposed agreement relates;
- (3) In the case of a restructuring of the Company, “interested shareholder” shall refer to a shareholder within a class who bears liabilities less than the proportion burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.

**Article 126** Resolutions of a class shareholders’ meeting may be passed only by two-thirds or more of the equity interests carrying voting rights that are represented at the meeting in accordance with Article 124 of these Articles of Association.

**Article 127** When the Company is to hold a class shareholders’ meeting, it shall issue a written notice 45 days prior to the meeting informing all the registered shareholders of that class of the matters to be considered at and the date and place of the meeting. Shareholders that intend to attend the meeting shall, within 20 days prior the day on which the meeting is to be held, serve a written reply on the Company stating that they will attend the meeting.

If the number of shares carrying the right to vote at the meeting represented by the shareholders intending to attend the meeting is more than half of the total number of shares of that class carrying the right to vote at the meeting, the Company may hold the class shareholders’ meeting. If not, the Company shall, within 5 days, inform the shareholders once again of the matters to be considered at and the date and place of the meeting in the form of a public announcement. After such notification by public announcement, the Company may hold the class shareholders’ meeting.



**Article 128** If a class shareholders' meeting is to be called by issuance of a meeting notice, notice of such meeting need be delivered only to the shareholders entitled to vote thereat.

Except as otherwise provided in these Articles of Association, the procedure according to which class shareholders' meetings are held shall, to the extent possible, be identical to the procedure according to which general meetings are held. Provisions of these Articles of Association relevant to procedures for the holding of general meetings shall be applicable to class shareholders' meetings.

**Article 129** In addition to the holders of other classes of shares, holders of domestic shares and holders of overseas listed foreign shares shall be deemed to be different classes of shareholders.

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

- (1) where, as approved by way of a special resolution of the general meeting, the Company issues, either separately or concurrently, domestic investment shares and overseas listed foreign investment shares every 12 months, and the quantity of domestic investment shares and overseas listed foreign investment shares intended to be issued does not exceed 20% of the outstanding shares of the respective classes;
- (2) where the plan for the issuance of domestic investment shares and overseas listed foreign investment shares upon the establishment of the Company is completed within 15 months from the date of approval by the State Council's securities authority;
- (3) where the domestic shares are converted to overseas listed foreign shares upon approval by the State Council or on the approving authority delegated by it, and are listed and traded on overseas stock exchanges.

## **CHAPTER 9 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 130** The Directors of the Company shall be natural persons. Directors need not hold shares of the Company. The Company's directors shall include executive Directors, non-executive Directors and independent non-executive Directors. The term "executive Director" means a Director who serves in an operational/management position in the Company. The term "non-executive Director" means a Director who does not serve in an operational/management position with the Company. The term "independent non-executive Director" means a Director who satisfies the provisions of Article 137 of these Articles of Association. In the event of any contravention set out in the Article 186 of these Articles of Association during their terms of office, such directors shall be dismissed by the Company.

**Article 131** Directors shall be elected or replaced by the general meeting and serve terms of three years. At the expiration of their terms, directors may continue to serve as such if re-elected.

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

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

The president and other senior management members may concurrently serve as directors provided that the number of directors concurrently serving as the president and in other senior management positions does not exceed one-half of the total number of directors of the Company.

**Article 132** If a director fails to personally attend a Board meeting and to appoint another director to attend the meetings on his behalf on two consecutive occasions, he or she shall be deemed unable to perform his duties and the Board shall propose to the general meeting to replace such director.

**Article 133** Directors may tender their resignations before the expiration of their term of office. To resign, a director shall submit a written resignation to the Board. The Board shall disclose the relevant circumstances within 2 days.

If the resignation of a director causes the number of occupied seats on the Board to fall below the statutory minimum, the incumbent director shall continue to perform his or her duties as a director in accordance with laws, regulations, rules and these Articles of Association until the incoming director assumes his or her position.

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

**Article 134** When a director's resignation becomes effective or his or her term of office expires, he or she shall duly carry out all handover procedures with the Board. His or her fiduciary duty to the Company and the shareholders shall not, as a matter of course, terminate at, and shall survive, the end of his or her term of office.

**Article 135** No director may act on behalf of the Company or the Board in his or her own name unless these Articles of Association specify that he or she may do so or he or she is lawfully authorized to do so by the Board. A director shall declare his position and capacity in advance if, when such director is acting in his or her private capacity, a third party would reasonably assume him or her to be acting on behalf of the Company or the Board.

**Article 136** A director who causes the Company to sustain a loss as a result of a violation of a law or a breach of these Articles of Association by him or her during the performance of his or her Company duties shall be liable for damages.

## **Section 2 Independent Non-Executive Directors**

**Article 137** The Company shall have independent non-executive directors. An independent non-executive director has a fiduciary duty and an obligation of diligence toward the Company and all its shareholders. Independent non-executive directors shall, pursuant to the requirements of relevant laws and these Articles of Association, conscientiously perform their duties and responsibilities, safeguard the company's overall interests and pay attention that the lawful rights and interests of the Company's shareholders, in particular, small and medium shareholders are not harmed.

In addition to satisfaction of provisions on the qualifications and obligations of directors of these Articles of Association, an independent non-executive director shall also have the qualifications required by laws and regulations and the regulatory rules in the place where shares of the Company are listed.

**Article 138** The term "independent non-executive director of the Company" means a director who does not hold any position in the Company other than director and who has no relationship with the Company or its major shareholder(s) (meaning a shareholder who alone holds or shareholders who together hold at least 5% of the total voting shares of the Company) that could hinder his or her making independent and objective judgments, and who is in compliance with independence provisions of the regulatory rules in the place where shares of the Company are listed.

**Article 139** At least one-third of the members of the Board of the Company shall be independent non-executive directors, of whom at least one shall be an accounting professional.

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

**Article 140** The term of office of independent non-executive directors shall be the same as that of the other directors of the Company. At the expiration of their terms, they may continue to serve if re-elected, but they may not serve more than 6 years in succession. The Company shall formulate working rules of independent non-executive directors, which shall specify the qualification, nomination, election and replacement and rights and obligations, and liabilities of independent non-executive directors and shall come into effect upon approval by the general meeting.

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

**Article 141** The Company shall have a Board which shall be accountable to the general meeting.

The Board shall consist of 7 to 9 directors, with one chairman and one vice chairman, and at least one-third but not less than three of the members are independent non-executive directors, of whom at least one shall be an accounting professional. The chairman of the Board and the vice chairman of the Board shall be elected and removed by more than half of all the directors with a term of three years and may serve consecutive terms if re-elected.

**Article 142** The Board shall exercise the following functions and powers:

- (1) to convene general meetings and to report on its work to the general meeting;
- (2) to implement the resolutions of the general meeting;
- (3) to decide on the business plans and investment plans of the Company;
- (4) to formulate the annual financial budgets and final accounts of the Company;
- (5) to formulate the profit distribution plans and plans for making up losses of the Company;
- (6) to formulate plans for the increase or reduction of the registered capital of the Company;
- (7) to formulate plans for the issuance of corporate bonds, any class of shares, warrants and other similar securities;

- (8) to formulate plans for significant acquisition by the Company, repurchase of shares of the Company or merger, division, reorganization or dissolution of the Company and changes in the corporate form of the Company;
- (9) to decide on the provision by the Company of any external guarantee other than those to be approved by the general meeting as required by Article 63 of these Articles of Association;
- (10) to decide on significant acquisition or disposal within one year by the Company of assets not more than 30% of the latest audited total assets of the Company;
- (11) to decide on connected transactions other than those to be approved by the general meeting as required by laws and regulations and regulatory rules in the place where Shares of the Company are listed;
- (12) to decide on significant investment projects of the Company with the single amount not more than 30% of the latest audited net assets of the Company;
- (13) to decide on entrusted wealth management and asset mortgages or pledges with the accumulated amount not more than 30% of the latest audited net assets of the Company;
- (14) to decide on extra costs and expenses with the single amount not more than 10% of the latest audited net assets of the Company;
- (15) to decide on plans of external donation and sponsorship of the Company with the single amount not more than RMB5 million;
- (16) to formulate amendments to these Articles of Association, the Rules of Procedure for General Meetings and the Rules of Procedure for the Board;
- (17) to engage or dismiss the Company's President and Secretary to the Board; to engage or dismiss Vice Presidents and the Chief Accountant of the Company, as proposed by the President, and decide on matters relating to their remuneration, rewards and punishments;

- (18) to decide on the establishment of the Company's internal management organization;
- (19) to decide on the establishment of special committees under the Board and to consider and approve resolutions proposed by each special committee under the Board;
- (20) to formulate the basic management systems of the Company;
- (21) to formulate development strategies, long and medium term development plans and corporate culture development plans, and to monitor the implementation of such plans;
- (22) to decide on the Company's risk management system, including risk evaluation, financial control, internal audit and legal risk control, and to monitor the implementation of such systems;
- (23) to propose to the general meeting the appointment, removal or termination of re-appointment of an accounting firm;
- (24) to listen to the work reports of the Company's President and inspect the work of the President and other senior management members;
- (25) to perform duties of corporate governance and to evaluate and improve the corporate governance of the Company regularly in accordance with the regulatory rules in the place where shares of the Company are listed;
- (26) to formulate share option incentive scheme;
- (27) to manage the Company's information disclosure matters; and
- (28) other functions and powers provided for in laws and regulations, regulatory rules in the place where shares of the Company are listed or these Articles of Association or granted by the general meeting.

Resolutions by the Board on the matters referred to in the preceding paragraph shall, be passed by the affirmative vote of more than one half of all of the Directors with the exception of resolutions on the matters referred to in items(6), (7), (8), (16) and(26), which shall require the affirmative vote of at least two-thirds of all of the directors for adoption. When considering matters referred to in item(9), in addition to the affirmative vote of more than one half of all of the directors, the affirmative vote of at least two-thirds of all the Directors present is required for adoption.

The abovementioned functions and powers of the Board as well as any transaction or arrangement of the Company shall be proposed to the general meeting for approval as prescribed by the regulatory rules in the place where shares of the Company are listed.

When necessary, reasonable and legal, the Board may authorize the chairman and other persons authorized by the chairman to decide on specific matters that relate to the matters to be resolved and that cannot or need not be promptly decided on by the Board.

With the authorization made by the Board, the chairman of the Board may exercise part of functions and powers of the Board when the Board is not in session. The content of the authorization made by the Board shall be clear and specific.

Prior to making decisions on material issues of the Company, the Board of Directors of the Company shall seek advices from the Party Committee of the Company.

**Article 143** In cases where the expected value of fixed assets proposed for disposal by the Board, when aggregated with value of fixed assets disposed within 4 months before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet reviewed by the general meetings, the Board shall not dispose or consent to dispose such fixed assets without prior approval by the general meeting.

The term “fixed assets disposal” referred to in this Article represents(among other things) transferring certain interests in assets, but not including provision of guarantees by way of fixed assets.

The validity of transactions regarding fixed assets disposal by the Company shall not be affected due to a breach of the first paragraph of this Article.

**Article 144** The Board shall give explanations to the general meeting in respect of audit reports with non-standard audit opinions issued by certified public accountants in respect of financial reports of the Company.



**Article 145** The Board shall formulate the rules of procedures of Board meetings to ensure the Board to implement the resolutions approved at the general meeting, work efficiently and be scientific in decision making.

**Article 146** The Board shall determine the scope of authority for external investment, asset acquisition and disposal, pledge of asset, external guarantee, entrusted wealth management and connected transaction, and establish strict review and decision-making procedures. Specialists or professional personnel shall be engaged to assess and examine any material investment projects, and such investment projects shall be submitted to the general meeting for approval.

**Article 147** The Board establishes the Strategy and Investment Committee, the Audit and Risk Management Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Quality and Safety Committee to provide recommendations and advice on significant decisions of the Board. The Board may establish other committees and adjust existing committees when necessary.

All of the special committees under the Board shall be accountable to the Board. All members of the Board Committees shall be comprised of directors, of which independent non-executive directors shall account for the majority of the members of the Audit and Risk Management Committee, the Nomination Committee, and the Remuneration and Appraisal Committee and shall act as the officers of such committees. For the Audit and Risk Management Committee, there should be at least one independent non-executive director shall be an accounting professional.

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

The Board shall formulate separate rules of procedures for each Board Committee in relation to its composition, duties and procedures.

**Article 148** The chairman of the Board is entitled to the following powers:

- (1) to preside over general meetings and to convene and preside over Board meetings;
- (2) to supervise and check on the implementation of resolutions of the Board;

- (3) to supervise and check on the work of each special committee;
- (4) listen to the regular or non-regular work reports of the president and other senior management members of the Company and provide guidance on the execution of the resolutions of the Board;
- (5) to exercise special rights over the Company's affairs that are in line with the requirements under the laws and the interests of the Company when the chairman of the Board is unable to convene a Board meeting in time in the event of force majeure, critical crisis or situations resulting in significant effect to the production and operation of the Company and report to the Board and the general meeting afterwards;
- (6) to nominate candidates for secretary to the Board of the Company;
- (7) to sign the share certificates, corporate bonds and other securities certificates issued by the Company;
- (8) to sign the significant documents of the Board and to represent the Company in signing with third parties important documents that are legally-binding;
- (9) to organize the formulation of various rules and regulations for the operation of the Board and coordinate the Board's work;
- (10) to review and approve the plan for using funds of the Board;
- (11) to exercise the duties and powers as the legal representative; and
- (12) to exercise other duties and powers provided for in laws and regulations or these Articles of Association and those granted by the Board.

**Article 149** Vice chairman of the Board shall provide assistance to the work of the chairman of the Board. Should the chairman of the Board is unable or fails to exercise his duties or powers, the vice chairman of the Board shall exercise such duties or powers; should the vice chairman of the Board is unable or fails to exercise his duties or powers, a director elected by more than a half of the directors shall exercise such duties or powers.

**Article 150** Board meetings shall be in the form of either regular meetings or extraordinary meetings. At least four regular meetings of the Board shall be convened each year by the Chairman of the Board.

In the event of any of the following circumstances, chairman of the Board shall convene extraordinary meetings:

- (1) when proposed by shareholders representing more than one tenth of the total number of shares carrying voting rights of the Company;
- (2) when proposed by more than one half of the independent non-executive directors;
- (3) when proposed by more than one third of the directors or the president of the Company in case of emergency;
- (4) when proposed by the Supervisory Committee; or
- (5) when the chairman of the Board thinks necessary.

**Article 151** When the Board calls a regular meeting or extraordinary meeting, the secretariat of the Company shall deliver a written meeting notice to all of the directors and supervisors of the Company by hand, mail, fax or other means permitted by the regulatory rules in the place where shares of the Company are listed 14 days prior to the date of a regular meeting or 5 days prior to an extraordinary meeting. If service is made indirectly, confirmation shall additionally be made by telephone and the appropriate record thereof shall be made.

In the event of emergencies where an extraordinary Board meeting needs to be convened as soon as possible, such notice may be served via telephone or by other verbal means, provided that an explanation shall be made at the meeting by the convener and the same is entered into the meeting minutes.

**Article 152** The notice of a Board meeting shall include the following:

- (1) the date, place and duration of the meeting;
- (2) the means by which the meeting will be held;

- (3) matters and proposals to be considered;
- (4) the names of the meeting convener and chairman, the name of the person who proposed the interim meeting and his or her written proposal;
- (5) the meeting materials necessary for the vote by the directors, including the background materials related to the topics to be discussed at the meeting and the information and data that would be of assistance to the directors in understanding the development of the Company's business;
- (6) a request that the director attend in person or that he or she appoint another director to attend the meeting on his or her behalf;
- (7) the contact person and contact details;
- (8) the date of the notice; and
- (9) other content as required by laws and regulations and the regulatory rules in the place where shares of the Company are listed.

The oral notice of a Board meeting shall, at least, include items (1) and (2) above and the explanation for holding the extraordinary Board meeting at an emergency.

**Article 153** The Board meeting may not be held unless not less than a half of the directors are present. In the event that a quorum for holding a meeting cannot be satisfied due to the refusal or failure by a director or directors to attend, the chairman of the Board and the secretary to the Board shall promptly report the same to regulatory authorities.

Supervisors may attend Board meetings in a non-voting capacity. The president and the secretary to the Board, if they do not concurrently serve as directors, shall attend Board meetings in a non-voting capacity. When he or she deems it necessary, the meeting convener may notify other relevant persons to attend a Board meeting in a non-voting capacity.

**Article 154** Board meetings shall be attended by the directors in person. If a director is unable to attend a meeting for any reason, he or she shall review the meeting materials in advance, form a clear opinion thereon and appoint another director in writing to attend the meeting on his or her behalf. A letter of attorney shall indicate the names of the proxy, matters of entrustment, the scope of authorization and its valid term, and shall be signed and sealed by the appointer.

The appointed director attending the meeting shall exercise the rights of a director within the scope of authorization. If a director does not attend a Board meeting in person, and does not authorize any proxy to attend the meeting, he/she shall be deemed to have waived the voting right in the meeting.

**Article 155** Resolutions of the Board shall be passed by more than a half of all the directors. If laws or these Articles of Association require the consent of a larger number of directors for the adoption of a resolution, such provisions shall prevail.

Each director shall have one vote on the resolutions at the Board meeting.

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

**Article 156** Resolutions of the Board meetings shall be voted by way of open ballot or other voting method as permitted by the laws and regulations and the regulatory rules in the place where the shares of the Company are listed.

Upon approval by the convener or chairman, an extraordinary Board meeting may be convened and resolutions may be adopted at the meeting via video, telephone or written communication, provided that directors are able to fully express their opinions, and the resolution adopted at the meeting shall be signed by the attending directors. Board meetings may also be convened on site and by other means simultaneously. So long as the directors attending the meeting in person can clearly hear what he or she says and communicate with him or her, all the directors in attendance shall be deemed to have attended the meeting in person.

**Article 157** If any director has connection with or significant interest in the enterprise involved in the resolution made at a Board meeting, the said director shall not vote on the said resolution for himself or on behalf of other director. The said Board meeting may be held when more than half of the directors without connection or significant interest attend the meeting. The resolution of the said Board meeting shall be passed by more than half of the non-connected or non-interested directors. If the number of non-connected or non-interested directors attending the meetings is less than three, the matter shall be submitted to the general meeting for consideration.

**Article 158** The Board shall keep minutes of resolutions on matters discussed at meetings. The minutes shall be signed by the directors present at the meeting and the person who recorded the minutes. The directors shall be liable for the resolutions of the Board. If a resolution of the Board violates laws and regulations or these Articles of Association resulting in material loss of the Company, the directors who voted for the resolution shall be directly liable to the Company; if it can be proved that a director expressly objected to the resolution when the resolution was voted on and the objections were recorded in the meeting minutes, such director shall be waived from such liability.

**Article 159** The minutes of the Board meetings shall be kept as corporate documents for at least 10 years.

The minutes of Board meetings shall consist of the following:

- (1) the session of the Board to hold the meeting, the date, venue and method for the convening of meeting;
- (2) the issue of the notice of the meeting;
- (3) the convener and the chairman of the meeting;
- (4) the name of the director present and name of director(proxy) being appointed to attend on the other's behalf;
- (5) the agenda of the meeting;
- (6) the proposals considered at the meeting and the highlights of speeches and key opinions made by each director;

- (7) the voting method of each agenda and the voting result; and
- (8) other matters required to be included in the meeting minutes by the Directors present.

## **CHAPTER 10 SECRETARY TO THE BOARD**

**Article 160** The Company shall have a Secretary to the Board, who shall be appointed or dismissed by the Board.

The secretary to the Board shall be a senior management member of the Company and be accountable to the Company and the Board, and perform his or her duties in a faithful and diligent manner.

**Article 161** Secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be nominated by the chairman of the Board and appointed by the Board. His/her primary responsibilities are:

- (1) to ensure that the Company has a complete set of organizational documents and records;
- (2) to ensure that the Company to prepare and submit required reports and documents to the authorities;
- (3) to ensure that the register of members of the Company is properly set up, and to assure that persons entitled to access relevant records and documents of the Company may obtain such records and documents in a timely manner; and
- (4) to fulfill other duties specified in laws and regulations, these Articles of Association and other duties required by the securities regulatory authorities in the place where the shares of the Company are listed.

**Article 162** Directors or the senior management members of the Company may also act as the Secretary to the Board. The accountant(s) of the certified public accounting firm appointed by the Company shall not act as the Secretary to the Board.

Provided that where the office of the secretary to the Board is held concurrently by a director, and an act is required to be made by a director and the secretary to the Board separately, the person who concurrently holds the offices of director and secretary to the Board shall not perform the act in dual capacity.

## **CHAPTER 11    PRESIDENT AND OTHER SENIOR MANAGEMENT MEMBERS**

**Article 163** The Company shall have one president, several vice presidents and one chief accountant, all of whom shall be appointed or dismissed by the Board.

A director may be appointed to serve as the President or other senior management members of the Company.

**Article 164** Persons who hold positions other than directors in any entity of the controlling shareholder or de facto controller of the Company shall not be appointed as senior management members of the Company.

**Article 165** The president of the Company shall be accountable to the Board and exercise the following powers:

- (1) to lead the Company's production, operation and management, to organize the implementation of the resolution of the Board and report to the Board;
- (2) to organize the implementation of the Company's annual plan and investment plan;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to formulate the specific rules and regulations of the Company;
- (6) to propose to the Board the appointment or dismissal of vice presidents and chief accountant of the Company;



- (7) to appoint or dismiss other management members of the Company other than those required to be appointed or dismissed by the Board; and
- (8) to exercise other powers conferred by these Articles of Association or the Board.

**Article 166** The president shall attend Board meetings. The president who is not a director shall have no voting rights at the meetings.

**Article 167** The president of the Company shall formulate the detailed working rules of the president, which shall be submitted to the Board for approval before implementation.

The working rules of the president shall include the following:

- (1) Specifying conditions, procedures and participants of the President meeting;
- (2) Specifying responsibilities and work allocation of the president and the senior management members;
- (3) Considering use of funds and use of assets of the Company, scope of authorization to enter into material contracts and reporting policies of the Board and the Supervisory Committee; and
- (4) Other matters which the Board considers it necessary.

**Article 168** The President may resign prior to the expiry of his term of office. The specific procedures and methods of resignation of the President shall be governed by his employment contract with the Company.

**Article 169** The President and the senior management members of the Company shall comply with the applicable laws and regulations and these Articles of Association, act honestly and diligently and shall be liable for any losses incurred as a result of violating such provisions in the course of performing their duties with the Company.

## **CHAPTER 12 SUPERVISORY COMMITTEE**

### **Section 1 Supervisors**

**Article 170** Directors, the president and the senior management members shall not concurrently serves as a supervisor.

**Article 171** Supervisors shall observe the laws and regulations and these Articles of Association and perform their duties of supervision in a faithful manner. They shall not use the authority to take bribes or solicit other illegal incomes, and never encroach upon the Company property.

**Article 172** The term of office of the supervisors shall be three years. A supervisor may be re-appointed upon re-election.

**Article 173** In the event that the terms of office of supervisors expire whereas new members of the Supervisory Committee are not re-elected in time, or the resignation of any Supervisor during his term of office, resulting in the number of members of the Supervisory Committee falling below the statutory minimum requirement, the said Supervisors shall continue to perform their duties in accordance with the laws and regulations and these Articles of Association until the re-elected Supervisors assume their office.

**Article 174** The supervisors shall ensure the truthfulness, accuracy and completeness of the information disclosed by the Company.

**Article 175** The supervisors may be present at Board meetings, and deliver enquiry or suggestion regarding resolutions of and matters decided by the Board.

**Article 176** The supervisors shall not use their connected relationship to prejudice the interests of the Company and shall be liable or indemnity to any loss caused to the Company.

**Article 177** supervisor who violates any laws or these Articles of Association during the course of performing his duties and causes losses to the Company shall be liable for making compensation for any loss caused to the Company.

## **Section 2 Supervisory Committee**

**Article 178** The Company shall establish a supervisory committee. The supervisory committee shall be composed of three Supervisors. One of the members of the supervisory committee shall act as the chairman of the Committee.

Chairman of supervisory committee shall be elected or removed by more than two-thirds of members of supervisory committee.

Meetings of the supervisory committee shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee is incapable of performing or fails to perform his duties, a supervisor elected by not less than half of the supervisors shall convene and preside over the supervisory committee meeting.

Members of the Supervisory Committee shall comprise two representatives of shareholders and one representative of employees. The supervisors who represent the shareholders shall be elected or removed from office by the general meeting, and the supervisor who represents the employees shall be democratically elected or removed from office by the Company's employees.

**Article 179** The supervisory committee shall be accountable to the general meeting and exercise the following powers in accordance with the laws:

- (1) to examine the financial affairs of the Company;
- (2) to supervise directors, the president and other members of senior management of the Company in performing their duties and to propose the removal of any director or senior management member violating any laws, administrative regulations, these Articles of Association and resolutions of the general meeting.
- (3) to demand rectification from a director, the president and any other members of senior management when the acts of such persons are harmful to the interests of the Company;

- (4) to propose the holding of extraordinary general meetings and, in the event that the Board fails to perform its duty of convening and presiding over a general meeting according to the law, to convene and preside over such a meeting in accordance with the laws;
- (5) to submit proposals to the general meeting;
- (6) to review the regular reports of the Company prepared by the Board and to provide written review opinions thereon;
- (7) to initiate law suits against directors or the senior management members on behalf of the Company in accordance with the applicable laws;
- (8) to conduct investigation on any irregularities found in the operation of the Company. Professional organizations including accounting firms and law firms may be engaged when necessary;
- (9) to exercise other powers specified in these Articles of Association and other power granted by the resolutions of the general meeting.

**Article 180** Supervisory committee meeting shall be held at least once every six months, and shall be convened by the chairman of the supervisory committee.

Supervisors may propose to convene an extraordinary meeting of the supervisory committee.

Any supervisor failing to attend two consecutive meetings of the supervisory committee and failing to appoint other supervisor to attend the meeting on his behalf shall be deemed to have failed to perform his duties and shall be removed at the general meeting or staff representative meeting.

**Article 181** The supervisory committee shall establish rules of procedure for the meeting of the supervisory committee specifying the formats of discussion and the voting procedure of the supervisory committee so as to ensure efficiency and scientific decision making in the supervisory committee.

The proceedings of the supervisory committee, which provide for the procedures for convening of and voting at the meetings of the supervisory committee and are attached to these Articles of Association, shall be formulated by the supervisory committee and submitted for approval at the general meeting.

**Article 182** Meetings of the supervisory committee may be held only if more than half of the supervisors are present.

**Article 183** Voting at the meetings of the supervisory committee shall be taken by poll or by show of hands, and each Supervisor shall have one vote.

Meeting of the supervisory committee may be convened by way of video conference, telephone conference or circular in writing signed by supervisors subject to ensuring the full expression by the Supervisors of their opinions, and the resolution adopted at the meeting shall be signed by the attending Supervisors.

A resolution of the supervisory committee shall be passed by votes of more than two-thirds of Supervisors.

**Article 184** The supervisory committee shall record its decisions on all matters considered at the meeting into the meeting minutes. Participating supervisors shall sign the meeting minutes for confirmation.

Supervisors are entitled the right to make certain written explanations for the statements expressed at the meeting in the minutes. The meeting minutes of the supervisory committee shall be kept as corporate documents for at least 10 years.

**Article 185** The notice of supervisory committee meeting shall be served to all Supervisors 5 days before the date of the meeting and shall contain the following details:

- (1) the date, place and duration of the meeting;
- (2) the matters to be discussed and agenda of the meeting;
- (3) the date of the notice.

Where a meeting of the supervisory meeting is required to be held as soon as practicable in case of emergency, a notice may be given through oral method or telephone, provided that the convener shall explain at the meeting.

**Article 186** All reasonable expenses incurred in respect of the engagement of professionals such as lawyers, certified public accountants or practicing auditors as required by the supervisory committee in discharging its duties shall be borne by the Company.

### **CHAPTER 13 QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS, PRESIDENT AND OTHER MEMBERS OF SENIOR MANAGEMENT**

**Article 187** A person may not serve as a director, supervisor, the president or other senior management members of the Company if any of the following circumstances applies:

- (1) a person without legal or with restricted legal capacity;
- (2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and he is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date the completion of the insolvency and liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three years has elapsed since the date of the revocation of the business license;
- (5) a person who has a relatively large amount of debts due and outstanding;

- (6) a person who is under criminal investigation or prosecution by a judicial organization for violation of the criminal law where said investigation or prosecution is not yet concluded;
- (7) a person who is not eligible for enterprise leadership according to laws;
- (8) a non-natural person;
- (9) a person convicted of the contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five years has elapsed since the date of the conviction.

Any election or appointment of any directors, supervisors, the president or other members of senior management in violation of the provision of these Articles shall be invalid.

**Article 188** The validity of an act of a director, president or other members of senior management on behalf of the Company vis-a-vis a bona fi de third party, is not affected by any non-compliance in terms of his office, election or any qualification.

**Article 189** In addition to obligations imposed by laws or the listing rules of the stock exchanges on which the shares of the Company are listed, each of the directors, supervisors, president and other members of senior management of the Company owes the following duties to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

- (1) not to cause the Company to exceed the scope of the business stipulated in its business license;
- (2) to act honestly in the best interest of the Company;
- (3) not to expropriate in any guise the property of the Company, including(without limitation) usurpation of opportunities advantageous to the Company;

- (4) not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to a restructuring of the Company approved by shareholders' meeting in accordance with these Articles of Association.

**Article 190** Each of the directors, supervisors, president and other members of senior management of the Company owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 191** Each of the directors, supervisors, president and other members of senior management of the Company shall exercise his powers or carry on his duties in accordance with the principle of good faith and shall not put himself in a position where his duty and his interest may conflict. This principle includes but not limited to discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his powers and not to exceed those powers;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except in accordance with these Articles of Association of the Company or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders given in general meeting, not to use the property of the Company for his own benefit by any means;



- (7) not to exploit his position to accept bribes or other illegal income, expropriate the property of the Company by any means, including but not limited to opportunities advantageous to the Company;
- (8) without the informed consent of shareholders given in general meeting, not to accept commissions in connection with the transactions of the Company;
- (9) to abide by these Articles of Association of the Company, faithfully execute his official duties and protect the interests of the Company, and not to exploit his position and power in the Company to advance his own private interests;
- (10) without the informed consent of shareholders given in general meeting, not to take advantage of his position to seek for himself or others any business opportunities that should have been made available to the Company, not to conduct for himself or others any businesses similar to those of the Company, and not to compete with the Company in any form;
- (11) not to misappropriate the funds of the Company, not to open accounts in his own name or other names for the deposit of the assets or funds of the Company;
- (12) without the consent obtained at the general meeting or approval of the Board, not to lend the monies of the Company to others, and not to use the assets of the Company to provide guarantee for any individual;
- (13) not to prejudice the interests of the Company using its connections;
- (14) unless otherwise permitted by informed shareholders in general meeting, to keep in confidence information relating to the Company acquired by him in the course of and during his tenure and not to use such information in purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
  - 1. disclosure is made under compulsion of law;
  - 2. the interests of the public require disclosure;

3. the interests of the relevant directors, supervisors, president or other members of senior management require disclosure.

**Article 192** Each director, supervisor, president or other members of senior management of the Company shall not cause the following persons or institutions(“associates”) to perform such acts that a director, supervisor, president or other members of senior management are prohibited to do:

- (1) the spouse or minor child of that director, supervisor, president and other members of senior management;
- (2) a person acting in the capacity of trustee of that director, supervisor, president or other members of senior management or any person referred to in paragraph(1) of this Article;
- (3) a person acting in the capacity of partner of that director, supervisor, president or other members of senior management or any person referred to in paragraphs(1) and(2) of this Article;
- (4) a company in which that director, supervisor, president or other members of senior management, alone or jointly with one or more persons referred to in paragraphs(1), (2) and(3) above or other directors, supervisors, president and other members of senior management of the Company have a de facto controlling interest;
- (5) the directors, supervisors, president and other members of senior management of the controlled company referred to in paragraph(4) of this Article.

**Article 193** The fiduciary duties of the directors, supervisors, president and other members of senior management of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the length of time between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

**Article 194** Except for circumstances prescribed in Article 61 of these Articles of Association, a director, supervisor, president and other members of senior management of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at a general meeting.

**Article 195** Where a director, supervisor, president and other members of senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the event concerned is otherwise subject to the approval of the Board.

Unless the interested director, supervisor, president or other members of senior management discloses his interests in accordance with the preceding paragraphs of this article and the contract, transaction or arrangement is approved by the Board at a meeting in which the interested director, supervisor, president or members of senior management is not counted in the quorum and refrained from voting, a contract, transaction or arrangement in which that director, supervisor, president or other members of senior management is materially interested is voidable at the instance of the Company except as against a bona fi de party thereto acting without notice of the breach of duty by the interested Director, President or other members of senior management.

A director, supervisor, president or other members of senior management of the Company is deemed to be interested in a contract, transaction or arrangement in which relevant persons or associates of him are interested.

**Article 196** Where a director, supervisor, president or other members of senior management of the Company gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the foregoing provisions of this chapter to be a sufficient disclosure, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

**Article 197** The Company shall not pay taxes in any manner for or on behalf of its Directors, Supervisors, the President or other members of senior management.

**Article 198** The Company shall not directly or indirectly make a loan to, or provide any loan guarantee to a director, supervisor, president or other members of senior management of the Company or of the parent company of the Company or any of their respective associates.

However, the preceding paragraph does not apply to the following:

- (1) the provision by the Company of a loan or a guarantee for a loan to a subsidiary of the Company;
- (2) the provision by the Company of a loan or a loan guarantee or any other funds to any of its directors, supervisors, the president or other members of senior management to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in general meeting;
- (3) the Company may make a loan or provide a loan guarantee to any of the relevant directors, supervisors, president or other members of senior management or their respective associates in the ordinary course of its business on normal commercial terms, provided that the business scope of the Company includes the lending of money or the giving of guarantees.

**Article 199** A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.– 72 –

**Article 200** A loan guarantee provided by the Company in breach of provision under paragraph(1) of Article 197 of these Articles of Association shall be unenforceable against the Company, provided that:

- (1) a loan guarantee was granted to an associate of any of the directors, supervisors, president and other members of senior management of the Company or of the parent company of the Company where the lender did not know the relevant circumstances;
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fi de purchaser.

**Article 201** For the purposes of the foregoing provisions of this Chapter, “guarantee” includes an undertaking or property provided to secure the performance of obligations by the obligor.

**Article 202** In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, president and other members of senior management of the Company is in breach of his duties to the Company, the Company has a right to:

- (1) claim damages from the director, supervisor, president and other members of senior management in compensation for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the director, supervisor, president and other members of senior management or with a third party(where such third party knows or should reasonably know that there is such a breach of duties by such director, supervisor, president and other members of senior management);
- (3) demand the director, supervisor, president and other members of senior management to surrender the profits made by him in breach of his duties;

- (4) recover any monies received by the director, supervisor, president and other members of senior management which should have been otherwise received by the Company, including (without limitation) commissions;
- (5) demand payment of the interest earned or which may have been earned by the director, supervisor, president and other members of senior management on the monies that should have been paid to the Company.

**Article 203** The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with a director or supervisor with respect to his remunerations. The aforementioned remunerations shall include:

- (1) emoluments in respect of his service as director, supervisor and senior management member of the Company;
- (2) emoluments in respect of his service as director, supervisor and senior management member of any subsidiary of the Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company or any of its subsidiaries; and
- (4) compensation for loss of office, or as consideration for or in connection with his retirement from office.

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a director or supervisor against the Company for any benefits in respect of the matters mentioned in this Article.

**Article 204** The contract for remunerations entered into between the Company and its directors or supervisors should provide that in the event of a takeover of the Company, the directors and supervisors of the Company shall, subject to the prior approval of the shareholders in general meeting, have the right to receive compensation or other payment for loss of office or retirement.

A “takeover of the Company” as referred to above means either of the following situations:

- (1) a takeover offer made by any person to all shareholders; or
- (2) an offer made by any person with a view to the offer and to become a “controlling shareholder” within the meaning of Article 255.

If the relevant director or supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of the said offer made. The expenses incurred in distributing that sum pro rata amongst those persons shall be borne by the relevant director or supervisor and shall not be paid out of that sum.

## **CHAPTER 14 PARTY COMMITTEE**

**Article 205** The Company shall establish the Party Committee consisting of one secretary and several other members. The chairman of the Board of Directors of the Company and the secretary of the Party Committee shall, in principle, be assumed by the same person, and one deputy secretary shall be designated to mainly carry out the Party building work. Eligible members of the Party Committee may take seats in the Board of Directors of the Company, the Board of Supervisors and the senior management through statutory procedures, while eligible members of the Board of Directors of the Company, the Board of Supervisors and the senior management may take seats in the Party Committee in accordance with relevant rules and procedures. Meanwhile, a discipline inspection committee shall be established in accordance with relevant regulations.

**Article 206** The Party Committee of the Company shall perform the following duties in accordance with the internal laws and regulations of the Party including the Constitution of the Communist Party of China:

- (I) To ensure and supervise the Company’s implementation of guidelines and policies of the Party and the country, and implement major strategic decisions of the Central Committee of the Party and the State Council, as well as important work arrangements of the Party Committee of State-owned Assets Supervision and Administration Commission and the Party organizations at higher levels.

- (II) To adhere to the principle of the Party supervising the performance of cadres while ensuring the lawful selection by the Board of Directors of the Company of the senior management and the lawful exercise of the power of the senior management in the employment of personnel. The Party Committee shall consider and propose opinions and suggestions on the candidates as nominated by the Board of Directors of the Company or general manager, or nominate candidates to the Board of Directors of the Company or general manager; and, together with the Board of Directors of the Company, conduct investigations on the candidates to be appointed and collective research to raise opinions and suggestions.
- (III) To research and discuss the reform, development and stability of the Company, major operational and management issues and major issues concerning employees' immediate interests, and propose comments and suggestions thereon.
- (IV) To undertake the primary responsibility of comprehensive and strict Party management; to lead the Company's ideological and political work, the united front work, the cultural and ethical progress, the corporate culture cultivation as well as the work of groups such as the labor union and the Communist Youth League; to lead the construction of the Party's working style and its clean and honest administration, and support the discipline inspection committee in earnestly performing its supervisory responsibilities.



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

**Article 207** The Company shall establish its financial and accounting system in accordance with the laws, regulations and the PRC accounting standards formulated by the relevant authorities in the PRC.

**Article 208** The fiscal year of the Company shall adopt the calendar year, i.e. starting from the 1 January of every calendar year and ending on 31 December of every calendar year. The Company shall adopt Renminbi as its denominated currency for booking and accounting purposes, and the account books shall be recorded in Chinese.

At the end of each fiscal year, the Company shall prepare a financial report which shall be audited by its auditors in compliance with the laws.

**Article 209** The Company shall publish two financial reports in each fiscal year, meaning that the interim reports shall be published within 60 days after the first six months of the fiscal year and the annual reports shall be published within 120 days after the expiration of the fiscal year.

**Article 210** The Board shall place before the shareholders at every annual general meeting such financial reports as are required by any laws to be prepared by the Company.

**Article 211** The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of every annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

The Company shall send to each shareholder of overseas listed foreign shares by means permitted by the regulatory rules of the place where the shares of the Company are listed a copy of the aforesaid reports together with the directors' report and the balance sheet(including every document required to be attached as required by the applicable laws) and the statement of profit and loss or statement of income of the Company not later than 21 days before the date of convening the annual general meeting. In case of delivery by prepaid mail, they shall be sent to the registered address of each shareholder shown in the register of members.

**Article 212** The financial statements of the Company may, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the overseas place where the shares of the Company are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the notes to financial statements. When the Company is to distribute its profit after taxation, the lower of the profit after taxation as shown in the two financial statements shall be adopted.

**Article 213** Any interim results or financial information published or disclosed by the Company must be prepared and presented in accordance with PRC accounting standards and regulations, and also may be prepared and presented in accordance with either international accounting standards or that of the overseas place where the shares of the Company are listed.

**Article 214** The Company shall not keep accounts other than those mandatorily required according to law. Assets of the Company shall not be deposited in an account maintained in the name of any individual.

**Article 215** Capital reserve fund includes the following items:

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

**Article 216** When distributing each year's profit after taxation, the Company shall set aside 10% of its profit for the statutory surplus reserve fund of the Company.

When the aggregate balance in the statutory surplus reserve fund has reached 50% or more of the registered capital of the Company, the Company need not make any further allocations to that fund.

Where the statutory surplus reserve fund of the Company is not enough to make up losses of the Company for the preceding year, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory surplus reserve fund in accordance with the preceding paragraph.

Subject to a resolution of the general meeting, after allocation has been made to the Company's statutory surplus reserve fund from its profit after taxation, the Company may set aside funds for the discretionary reserve fund.

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

If a general meeting violates the provisions above and profits are distributed to the shareholders before the Company makes up losses or makes allocations to the statutory reserve fund, shareholders shall return the profits distributed in violation of the provisions to the Company.

No profit shall be distributed in respect of the shares of the Company which are held by the Company.

**Article 217** Reserve funds of the Company are used for recovering losses of the Company, expanding scale of operation or transferring its capital. However, capital reserve fund shall not be used to recover losses of the Company.

In the event that the Company transfers the statutory reserve funds to its capital, the remaining balance of such reserve fund must not be less than 25% of the registered capital before the transfer.

**Article 218** The Company may distribute dividends through the following methods: cash, stock or other means permitted by laws, regulations and the regulatory rules of the place where the shares of the Company are listed.

**Article 219** Cash dividends and other monies paid by the Company to holders of domestic shares shall be paid in RMB. Cash dividends and other monies paid by the Company to holders of overseas listed foreign shares shall be stated and announced in RMB and paid in foreign currency. Foreign currency needed by the Company to pay cash dividends and other monies to holders of overseas listed foreign shares shall be obtained pursuant to relevant State regulations on foreign exchange.

In distributing dividends to shareholders, the Company shall withhold the taxes payable by shareholders from the amount of their dividend income in accordance with the PRC tax law.

Monies paid for any shares before calling shall bear interest, but are not entitled to dividends announced subsequent to the calling for such monies.

**Article 220** The Company shall appoint receiving agents on behalf of the holders of foreign shares. The receiving agents shall receive and hold on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of such shares pending payment to them.

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

The receiving agents appointed for the holders of foreign shares shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

In respect of dividends payable to shareholders, subject to the rules of the relevant stock exchanges, the Company has the right to forfeit unclaimed dividends, which shall not be exercised prior to the expiry of the applicable period for claiming dividends.

If the Company has the power to cease sending dividend warrants by post, it shall satisfy the following conditions:

- (1) such dividend warrants have been left uncashed on two consecutive occasions; or
- (2) after the first occasion on which such a warrant is returned undelivered.

When permitted by laws, the Company has the power to sell the shares of a member who is untraceable under the following circumstances:

- (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 gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Hong Kong Stock Exchange of such intention.

**Article 221** After the profit distribution plan has been resolved at a general meeting, the Board shall complete the dividend(or share) distribution within two months after the holding of such meeting.

**Article 222** When distributing dividends to its shareholders, the Company shall withhold and pay on behalf of its shareholders the taxes payable on the dividends in accordance with the provisions of the PRC tax law.

**Article 223** The Company shall implement its internal audit system with its own audit personnel to audit and supervise the income and expenditure and financial activities of the Company.

**Article 224** The internal audit system and the duties of the audit personnel shall be implemented upon the approval of the Board. Person in charge of the audit shall be responsible to and report to the Board.

## **CHAPTER 16 APPOINTMENT OF ACCOUNTING FIRMS**

**Article 225** The Company shall engage an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual report and review the Company's other financial reports.

**Article 226** The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholders at which they were appointed until the conclusion of the next annual general meeting of shareholders.

**Article 227** The accounting firm appointed by the Company shall have the following rights:

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

**Article 228** Before the convening of the general meeting, the Board may fill any casual vacancy in the office of the accounting firm, but while any such vacancy continues, the surviving or continuing firm, if any, may act.

**Article 229** The general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the right of the firm to claim, if any, for damages in respect of such removal.

**Article 230** The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by a general meeting. The remuneration of a certified public accounting firm appointed by the Board shall be determined by the Board.

**Article 231** The appointment of, removal of and non-renewal of appointment of an accounting firm by the Company shall be resolved by a general meeting. The resolution of the general meeting shall be filed with the securities authority of the State Council.

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

- (1) A copy of the proposal about appointment or removal shall be sent to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant fiscal year before notice of meeting is given to the shareholders. Leaving includes leaving by removal, resignation and retirement;
- (2) If the leaving firm makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall(unless the representations are received too late):
  1. in any notice given to shareholders about a resolution to be made, state the representations that has been made by the accounting firm which is about to leave;
  2. attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in these Articles of Association of the Company;
- (3) If the representations of the accounting firm are not sent in accordance with paragraph(2) above, the relevant firm may require that the representations be read out at the general meeting and may lodge further complaints;

(4) A accounting firm which is leaving its post shall be entitled to attend:

1. the general meeting relating to the expiry of its term of office;
2. any general meeting at which it is proposed to fill the vacancy caused by its removal;
3. any general meeting convened on its resignation.

The leaving accounting firm is entitled to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meeting in relation to matters concerning its role as the former accounting firm of the Company.

**Article 232** Prior to the removal or the non-renewal of the appointment of an accounting firm, 15 days' notice in advance of such removal or non-renewal shall be given to the accounting firm concerned and such firm shall be entitled to make representation at the general meeting. Where the certified public accounting firm resigns from its post, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

If a certified public accounting firm intends to resign from its office, it may deposit at the Company's legal residence a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:

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



The Company should send a copy of the written notice to the relevant competent authority within 14 days after receiving the said notice pursuant to paragraph(2) above. If the notice contains the statements mentioned in the preceding paragraph, the Company should prepare a copy of the statements at the Company for inspection by the shareholders of the Company. The Company shall also send the copy of the said statements to each holder of foreign shares in the manner stipulated in these Articles of Association or by prepaid post to the address as shown in the register of members.

Where the notice of resignation of an accounting firm contains any statement that should be disclosed, the accounting firm may require the Board to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

## **CHAPTER 17 GENERAL LEGAL ADVISER SYSTEM**

**Article 233** The Company shall implement the general counsel system:

- (I) The general counsel shall be the senior management of the Company and shall be appointed by the Board.
- (II) The audit and risk management committee of the Board shall be responsible for promoting the construction of the rule of law of the Company and supervising the management of enterprise according to law by the managers.
- (III) Where the matters considered by the Board relate to legal issues, the general counsel shall be present at the meeting and give legal advices.

## **CHAPTER 18 MERGER, DIVISION, DISSOLUTION AND LIQUIDATION**

**Article 234** The Company may carry out merger or division in accordance with the law. The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

Where one company is absorbed by another in a merger by absorption, the absorbed company is dissolved. When two or more companies merge to establish a new company, the parties to the merger dissolve.

**Article 235** In the event of merger or division of the Company, a plan shall be proposed by the Board and shall be approved in accordance with the procedures stipulated in these Articles of Association and the relevant examining and approving formalities shall be carried out as required by law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request that the Company or the shareholders who consent to such plan purchase their shares at a fair price.

A special document of the Company's resolution on the merger or division should be prepared for inspection by the shareholders. The aforesaid document should also be dispatched to the holders of overseas listed foreign-invested shares of the Company by mail or by other means as provided in these Articles of Association.

**Article 236** In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days as of the date of the Company's resolution on merger and shall make newspaper announcement within 30 days as of the date of the Company's resolution on merger. Creditors may, within 30 days after receipt of such notice from the Company, or within 45 days as of the date of the announcement for those who do not receive such notice, to demand that the Company repay their debts to that creditor or provide a corresponding guarantee for such debts.

**Article 237** When the Company is divided, its assets shall be split up accordingly. When the Company is divided, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days as of the date of the Company's resolution on division and shall make newspapers announcements within 30 days as of the date of the Company's resolution on division.

Unless otherwise agreed by the Company and creditors on settling liabilities in writing prior to the division, debts incurred by the Company before its division shall be jointly borne by the companies after the division.

**Article 238** When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

**Article 239** The Company shall be dissolved and liquidated upon the occurrence of any of the following events:

- (1) a resolution for dissolution is passed at a Shareholders' general meeting;
- (2) dissolution as a result of a merger or division of the Company;
- (3) the Company is legally declared insolvent due to its failure to repay its debts when due;

- (4) the business license of the Company is revoked, or the Company is ordered to close down or is closed down in accordance with laws;
- (5) Shareholders holding not less than 10% of all the voting rights of the Company apply to the People's court for dissolution when the Company experiences severe difficulties in its operations and management and continual operation of the Company will bring significant losses to the interest of Shareholders while there are no other ways to resolve the difficulties.

**Article 240** Should the Company dissolve due to reasons stipulated in the items(1), (4) and(5) of Article 235, it shall set up a liquidation committee to begin liquidation within 15 days after the occurrence of the dissolution event. The liquidation committee shall comprise members determined by the resolutions of the shareholders' general meeting, failing which creditors may apply to the People's court for the establishment of a liquidation committee comprising designated persons.

If the Company is to be dissolved pursuant to item(3) of Article 235 of these Articles of Association, the People's Court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

**Article 241** Where the Board proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the Board shall include a statement in its notice convening a general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

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

The Liquidation Committee shall act in accordance with the instructions of the general meeting to make a report at least once every year to the general meeting on the committee's receipts and payments, the business of the Company and the progress of the liquidation and to present a final report to the general meeting on completion of the liquidation.

**Article 242** The Liquidation Committee shall notify creditors within 10 days from the date of its establishment and make newspaper announcement within 60 days commencing from that date. Creditors shall, within 30 days after receipt of the notice, or for those who do not receive the notice, within 45 days from the date of the announcement, declare their claims to the Liquidation Committee.

In reporting claims, a creditor shall explain the relevant particulars of the claims with supporting materials. The Liquidation Committee shall register the creditor's claims.

During the period of declaration of claims, the Liquidation Committee shall not repay any debts to the creditors.

**Article 243** During the liquidation period, the Liquidation Committee shall exercise the following functions and powers:

- (1) to notify creditors by sending notice or by making announcement;
- (2) to ascertain the Company's assets and prepare a balance sheet and an inventory of assets;
- (3) to deal with and settle the Company's outstanding business deals in relation to the liquidation;
- (4) to settle outstanding taxes and taxes incurred in the course of liquidation;
- (5) to ascertain all claims and debts;
- (6) to dispose of the remaining assets of the Company after the repayment of debts;
- (7) to represent the Company in any civil proceedings.

**Article 244** After ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, the Liquidation Committee shall formulate a liquidation plan and submit the same at the general meeting or to the People's Court for confirmation.

The remaining assets of the Company after payment of liquidation expenses, wages due to staff and workers, social insurance expenses and statutory compensation, taxes due and settlement of the Company's indebtedness shall be distributed to the shareholders on pro rata basis.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities not relating to liquidation. No assets of the Company shall be distributed to the shareholders before repayment of debts in accordance with the aforesaid items.

**Article 245** If the Liquidation Committee, after ascertaining the Company's assets and preparing a balance sheet and an inventory of assets in connection with the liquidation of the Company due to dissolution discovers that the Company's assets are insufficient to repay its debts, it shall immediately apply to the People's Court for a declaration of bankruptcy.

After the Company is declared bankrupt by a ruling of the People's Court, the Liquidation Committee shall transfer the liquidation matters to the People's Court.

**Article 246** Following the completion of liquidation, the Liquidation Committee shall present a report on liquidation and prepare a statement of the receipts and payments and the financial accounts for the period of the liquidation which shall be audited by PRC certified public accountants and then submitted to the general meeting or the People's Court for confirmation. The Liquidation Committee shall, within 30 days after such confirmation, submit the aforesaid documents to the company registration authority and apply for cancellation of registration of the Company, and announce the termination of the Company.

**Article 247** The members of the Liquidation Committee shall be devoted to their duties and perform their liquidation obligations in accordance with law. Members of the Liquidation Committee shall not accept any bribes or any other illegal income by making use of his functions and powers nor may he seize any assets of the Company.

Members of the Liquidation Committee shall be responsible for compensation should he deliberately or through material negligence cause losses to the Company or to creditors.

**Article 248** If the Company is declared insolvent pursuant to law, insolvent liquidation shall be proceeded in accordance with laws regarding enterprise insolvency.

## **CHAPTER 19 AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION**

**Article 249** The Company may amend these Articles of Association under the requirements of laws, regulations and these Articles of Association. The Company shall make amendments to these Articles of Association upon occurrence of any of the following events:

- (1) The Company Law or the relevant laws or regulations are amended and the provisions under these Articles of Association are contradictory to those under the amended laws or regulations;
- (2) Any change of the Company's conditions is contradictory to what is stated in these Articles of Association;
- (3) The general meeting has decided to make amendments to these Articles of Association.

**Article 250** Any amendment to these Articles of Association involving anything set out in the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas shall become effective upon approval by the company approval department authorized by the State Council. If there is any change relating to the registered particulars of the Company, application shall be made for the changes in accordance with the laws.

**Article 251** The Board shall amend these Articles of Association in accordance with the resolution on amendments to these Articles of Association passed at the general meeting and the approval opinions of the relevant competent authorities.

**Article 252** Any amendment to these Articles of Association shall be subject to announcement if so required by the laws.

## CHAPTER 20 NOTICES AND ANNOUNCEMENTS

**Article 253** Notices of the Company shall be given or provided by one or more of the following means:

- (1) by hand;
- (2) by email;
- (3) by email, fax or other electronic means or information carrier;
- (4) by announcement published on newspaper;
- (5) by publishing on the Company's website or websites designated by the securities regulatory authorities in the places where the Company's shares are listed, subject to applicable laws, regulations and relevant requirements of the securities regulatory authorities in the places where the Company's shares are listed;
- (6) by other means previously agreed by the Company or the parties to be notified or accepted by the parties to be notified upon receiving the notice;
- (7) by other means approved by relevant securities regulatory authorities in the places where the Company's shares are listed or provided by these Articles of Association.

Notwithstanding any other provision contained in these Articles of Association in respect of the giving of any notices, communications or other written materials, the Company may choose to announce such corporate communications by means provided under item(5) paragraph(1) of this Article in place of delivering written documents by hand or by prepaid post to each holder of overseas listed foreign shares, subject to relevant provisions of the securities regulatory authorities in the places where the Company's shares are listed.– 88 –



The aforesaid corporate communications refer to any documents issued or to be issued by the Company for the information or action of any holders of overseas listed foreign shares, including but not limited to (1) annual reports, including reports of the Board, annual accounts of the Company, auditors' reports and summary financial reports (if applicable); (2) interim reports and summary interim reports (if applicable); (3) notices of meetings; (4) listing documents; (5) circulars; (6) proxy forms; and (7) other documents as required by the laws, regulations and listing rules in the places where the Company's shares are listed.

**Article 254** Where a notice of the Company is delivered by hand, the addressee shall sign (or stamp) on the receipt of the delivery and the date of acknowledgement of receipt signed by the addressee shall be deemed as the date of delivery;

Where a notice of the Company is sent by post, 48 hours after the date on which the notice is delivered to post office shall be deemed as the date of delivery;

Where a notice of the Company is made by facsimile or email, or on websites, the date of issue shall be deemed as the date of delivery;

Where a notice of the Company is made via announcement, the date on which the announcement is published for the first time shall be deemed as the date of delivery.

**Article 255** If the regulatory rules in the places where the Company's shares are listed require the Company to send, mail, issue, dispatch, publish or otherwise provide the relevant documents of the Company in both English and Chinese versions, the Company may, to the extent permitted by laws and regulations and in accordance with applicable laws and regulations, (if a shareholder has so indicated) only send him or her the English versions or Chinese versions of documents if the Company has made sufficient arrangements to ascertain whether its shareholders wish to only receive English versions or Chinese versions of documents.

## CHAPTER 21 DISPUTE RESOLUTION

**Article 256** Unless otherwise provided in these Articles of Association, the Company shall settle disputes according to the following principles:

- (1) Whenever any disputes or claims of rights arise among holders of the overseas listed foreign shares and the Company, holders of the overseas listed foreign shares and the Company's Directors, Supervisors, President or the senior management members, or holders of the overseas listed foreign shares and holders of domestic shares due to any rights or obligations conferred by these Articles of Association, the Company Law and any other relevant laws and regulations concerning the affairs of the Company, such disputes or claims of rights shall be referred by the relevant parties to arbitration;

Where a dispute or claim of rights abovementioned is referred to arbitration, the entire claim or dispute must be referred to arbitration and any person (being the Company or a shareholder, Director, Supervisor, President or the senior management members of the Company) who has a cause of action based on the same facts giving rise to the dispute or claim of rights or whose participation is necessary for the resolution of such dispute or claim shall abide by the arbitration;

Disputes in relation to the identification of shareholders and the register of shareholders need not be referred to arbitration;

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

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

- (3) If any disputes or claims of rights prescribed in paragraph(1) are referred to arbitration, the laws of the PRC shall apply, save as otherwise provided in laws and regulations;
- (4) The award of an arbitration body shall be final and conclusive and binding on all parties.

## **CHAPTER 22 SUPPLEMENTARY PROVISIONS**

**Article 257** These Articles of Association are written in Chinese. In the event that there is a discrepancy between any other language version or different version hereof and these Articles of Association, the most recent Chinese version hereof registered with the company registration authority shall prevail.

**Article 258** The meaning of accounting firms referred to in these Articles of Association is the same as the “auditor” referred to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**Article 259** Unless otherwise required by the context, the following terms used in these Articles of Association shall have the meanings assigned to them below:

- (1) “lineal relatives” means spouse, parents and children;
- (2) “major social relations” means siblings, spouse’s parents, children’s spouses, siblings’ spouses and spouse’s siblings;
- (3) “all the directors” means all of the members of the Board specified in these Articles of Association;
- (4) “all the supervisors” means all of the members of the Supervisory Committee as specified in these Articles of Association;
- (5) “other senior management members” means the Company’s Vice Presidents, Chief Accountant and Secretary to the Board;
- (6) “RMB” means the lawful currency of the People’s Republic of China;

- (7) “laws” means the applicable laws, administrative regulations, ministerial level rules and regulations, local regulations, local government rules and regulations and legally binding government regulatory documents current in the PRC on the effective date of these Articles of Association and those as issued or amended from time to time; however, when used together with “regulations”, and only then, means the legal norms adopted by the National People’s Congress and its Standing Committee;
- (8) “regulations” means legal norms formulated by the State Council pursuant to the Constitution and laws, and promulgated in the form of Orders of the State Council;
- (9) “subsidiary” means a company that is directly or indirectly controlled by the Company, that has legal person status and that independently bears civil liability;
- (10) “controlling shareholder” means a person that satisfies any of the following conditions:
1. he or she, acting alone or in concert with others, has the power to elect at least one half of the directors;
  2. he or she, acting alone or in concert with others, has the power to exercise or to control the exercise of at least 30% of the Company’s voting rights;
  3. he or she, acting alone or in concert with others, holds at least 30% of the outstanding shares of the Company; or
  4. he or she, acting alone or in concert with others, actually controls the Company in any other manner;
- (11) “acting in concert” means two or more persons who, by way of agreement(whether verbal or in writing) or other arrangements enlarge the proportion of the shares in the Company which are under their control or consolidate their control over the Company, so that when a vote is taken, the same expression of opinions will be made;

(12) “de facto controller” means a person who, although not a shareholder of the Company, is nevertheless able to actually direct the acts of the Company by virtue of an investment relationship, agreement or other arrangement;

(13) “connected relationship” means the relationship between the Company’s controlling shareholder, de facto controller, a director, Chief Executive Officer and other senior management members(including their associates as defined in the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*) on the one hand and an enterprise he or she directly or indirectly controls on the other hand, as well as any other relationship that may result in a diversion of the Company’s interests; however, enterprises controlled by the state shall not be deemed to have a connected relationship merely by virtue the fact that such enterprises are under the common control of the state.

**Article 260** Unless otherwise provided in these Articles of Association, for the purposes of these Articles of Association, the terms “at least”, “within”, “not less than” and “no more than” shall include the number itself; and the terms “less than”, “other than”, “lower than”, “more than”, “before” and “after” shall not include the number itself.

**Article 261** The Board shall be responsible for the interpretation of these Articles of Association.

**Article 262** The appendices to these Articles of Association include rules of procedure of the general meeting, the Board and the supervisory committee.