

**ZOOMLION HEAVY INDUSTRY  
SCIENCE AND TECHNOLOGY CO., LTD.\***

**ARTICLES OF ASSOCIATION**

*May 2021*

*(The Articles of Association was originally drafted in Chinese and the English translation is for your reference only. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.)*

\* for identification purpose only

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## CHAPTER 1 GENERAL

**Article 1** These Articles of Association (hereinafter referred to as the “Articles” or “Articles of Association”) are 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 State Council’s Special Regulations Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Shares (hereinafter referred to as the “Special Regulations”), Mandatory Provisions for the Articles of Association of Companies Listed Overseas (hereinafter referred to as the “Mandatory Provisions”), Circular Regarding Comments on the Amendments to the Articles of Association of Companies Listed in Hong Kong (關於到香港上市公司對公司章程作補充修改的意見的函) (hereinafter referred to as the “Circular Regarding Comments on Amendments”), Guidelines for the Articles of Association of Listed Companies (as amended in 2019) (上市公司章程指引 (2006年修訂) and other relevant provisions to safeguard the legal interests of Zoomlion Heavy Industry Science and Technology Co., Ltd. (hereinafter referred to as the “Company”) and its shareholders and creditors, and to regulate the organisation and conducts of the Company.

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

The Company was established by six promoters, namely Changsha Construction Machinery Research Institute (長沙建設機械研究院) of the Ministry of Construction, Changsha New Technology Development Zone Zhongbiao Industrial Co., Ltd. (長沙高新技術產業開發區中標實業有限公司), Beijing Zhongli Sida Technology Development Co., Ltd. (北京中利四達科技開發有限公司), Guangzhou Huangpu Zoomlion Construction Machinery Co., Ltd. (廣州黃浦中聯建設機械產業有限公司), Guangzhou Tianhe District Xinyitong Machinery Equipment Co.,Ltd. (廣州市天河區新怡通機械設備有限公司) and Beijing Ruixinjian Technology Development Co., Ltd. (北京瑞新建技術開發有限公司) by way of promotion upon approval of the State Economic and Trade Commission (Guo Jing Mao Qi Gai Zi [1999] No.743). It was registered with and was issued a business license for enterprise legal person by the Administration Bureau of Industry and Commerce of Hunan on 31 August 1999. The Company’s business license number is 430000400000198.

**Article 3** On 10 September 2000, pursuant to an Approval by China Securities Regulatory Commission (hereinafter referred as to “CSRC”) (Zheng Jian Fa Xing Zi [2000] No.128), the Company issued 50,000,000 RMB-denominated ordinary shares for initial public offering. The shares were listed on the Shenzhen Stock Exchange on 12 October 2000.

**Article 4** Registered name of the Company:  
In Chinese: 中聯重科股份有限公司  
In English: ZOOMLION HEAVY INDUSTRY SCIENCE AND TECHNOLOGY CO., LTD.

**Article 5** Address of the Company: No. 361, Yinpen South Road, Changsha, Hunan  
Postal code: 410013  
Tel No.: 0731-88923908  
Fax No.: 0731-88923904

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

**Article 7** The chairman of the board of directors of the Company is the legal representative of the Company.

**Article 8** The capital of the Company shall be divided into shares of equal value. Shareholders shall be liable to the Company to the extent of the shares held by them. The Company shall be liable for its debts and shall cover such debts with all its assets.

**Article 9** These Articles was adopted by a special resolution of the general meeting of the Company with approval from the competent authority and shall be effective on the date on which the overseas listed foreign shares (H shares) of the Company under the public offering are listed on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Exchange Stock”). From the effective date of these Articles, the existing Articles of the Company and amendments thereto shall lapse automatically.

The Articles of Association of the Company shall constitute a legally binding document regulating the organization and conducts of the Company, and the rights and obligations of and the relationship between the Company and its shareholders and among the shareholders from the date on which these Articles come into effect. These Articles of Association are binding on the Company, its shareholders, directors, supervisors and senior management. According to the Articles of Association, a shareholder may take action against shareholders, directors, supervisors and senior management of the Company and the Company, and the Company may take action against its shareholders, directors, supervisors and senior management.

The actions referred to in the preceding paragraph include court proceedings, and arbitration proceedings filed with the designated arbitration institution pursuant to the provisions of these Articles.

**Article 10** The senior management referred to in these Articles of Association includes the general manager, deputy general manager, chief financial officer and secretary of the board of directors of the Company.

**Article 11** The Company may invest in other limited liability companies or joint stock limited companies. The Company’s liabilities to an invested company shall be limited to the amount invested.

Unless otherwise required by the laws, the Company shall not assume joint and several liabilities for the debts of its investee in its capacity of a shareholder.

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

**Article 12** The objectives of the Company are: to establish and improve the corporate governance and strengthen the operation and management of the Company to maintain high quality products and services and operation efficiency with a market-oriented approach so to provide reasonable investment returns for all shareholders.

**Article 13** According to the registration of the Company, the scope of business of the Company includes: development, manufacturing and sale of construction machinery, agricultural machinery, environmental and sanitary machinery, crane machinery and their specialised chassis, fire engines and their specialised chassis, aerial work machinery, emergency rescue equipment, mining machinery, coal mining machinery and equipment, material conveying equipment, other machinery and equipment, metal and nonmetal materials and photo-mechanical electronic integrated high and new technology products and the provision of leasing and after-sale services; sale of construction and decoration materials, construction vehicles, metals and chemicals and petrochemical products (except hazardous chemicals and controlled goods); sale of lubricating oils, lubricating greases and hydraulic oils (except sale of hazardous chemicals); retail sale of refined oils (may only be operated by branches with licences); engage in the import and export business of commercial products and technology; property investment with self-owned assets (not allowed to be engaged in business under national financial regulation and financial credit business such as deposit taking, fund raising and collecting, entrusted loans, issuing notes and granting loans); sale of second-hand cars; and dismantling and recycling of obsolete machinery and equipment. (Items subject to approval in accordance with the law shall only be conducted upon the approval by relevant departments)

## CHAPTER 3 SHARES AND REGISTERED CAPITAL

### Section 1 Issue of Shares

**Article 14** The Company shall have ordinary shares at all times. Subject to approval from the competent approving authority of the State Council, the Company may create other classes of shares when necessary.

**Article 15** The shares issued by the Company shall be evidenced by certificates and have a par value of RMB1 each.

“RMB” referred to in the previous paragraph shall mean the legal currency of the PRC.

**Article 16** Subject to approval of the securities regulatory authority of the PRC, the Company may issue shares to domestic investors and foreign investors.

“Foreign investor” referred to in the previous paragraph shall mean those investors in foreign countries, Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company. “Domestic investor” shall mean those investors in the PRC other than those investors from the aforesaid regions who subscribe for shares issued by the Company.

**Article 17** Shares issued by the Company to domestic investors for subscription in RMB shall be referred to as “domestic shares”. Shares issued by the Company to foreign investors for subscription in foreign currencies shall be referred to as “foreign shares”. Foreign shares listed overseas shall be referred to as “overseas listed foreign shares”. Holders of domestic shares and overseas-listed foreign shares are both holders of ordinary shares and have the same rights and obligations.

Foreign shares issued by the Company and listed on Hong Kong Stock Exchange shall be referred to as “H shares”. H shares shall be referred to the shares accepted for listing on the Hong Kong Stock Exchange which are denominated in RMB and are subscribed for and traded in Hong Kong dollars.

“Foreign currencies” referred to in the previous paragraph mean the legal currencies, other than RMB, of other countries or regions which are approved by the foreign exchange administrative department of the PRC for the payment of share monies to the Company.

Subject to approval of the securities regulatory authority of the PRC, shares held by domestic shareholders can be transferred to foreign investors for listing and trading in overseas markets. The listing and trading of the transferred shares on overseas stock exchange shall be subject to the supervision, regulations and requirements of the relevant overseas stock markets. No resolution of class meeting shall be required for the listing and trading of the transferred shares on any overseas stock exchange.

**Article 18** Shares of the Company shall be issued on the principles of transparency, fairness and equality and shall rank *pari passu* in all respects with the shares of the same class.

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

**Article 19** The domestic shares issued by the Company shall be kept under the custody of Shenzhen Branch of China Securities Depository & Clearing Company Limited. The H Shares issued by the Company shall be mainly held in custody by the nominee company of Hong Kong Securities Clearing Company Limited.

**Article 20** Pursuant to the approval of the relevant approving authority, 100 million ordinary shares were issued upon the establishment of the Company. 100 million ordinary shares were issued to the promoters upon the establishment of the Company on 31 August 1999, representing 100% of the total ordinary shares then issued by the Company. 74,752,500 promoter shares of the Company were issued to Changsha Construction Machinery Research Institute (長沙建設機械研究院) of the Ministry of Construction by in specie subscription; 23,757,900 promoter shares of the Company were issued to Changsha New Technology Development Zone Zhongbiao Industrial Co., Ltd. (長沙高新技術產業開發區中標實業有限公司) by in specie subscription; 372,400 promoter shares of the Company were issued to Beijing Ruixinjian Technology Development Co., Ltd. (北京瑞新建技術開發有限公司) by cash subscription; 372,400 promoter shares of the Company were issued to Beijing Zhongli Sida Technology Development Co., Ltd. (北京中利四達科技開發有限公司) by cash subscription; 372,400 promoter shares of the Company were issued to Guangzhou Tianhe District Xinyitong Machinery Equipment Co.,Ltd. (廣州市天河區新怡通機械設備有限公司) by cash subscription; and 372,400 promoter shares of the Company were issued to Guangzhou Huangpu Zoomlion Construction Machinery Co., Ltd. (廣州黃浦中聯建設機械產業有限公司) by cash subscription, representing 74.75%, 23.77%, 0.37%, 0.37%, 0.37% and 0.37% of the total share capital of the Company then in issue.

Pursuant to the approval of CSRC on 10 September 2000, 50 million ordinary shares were initially issued to the public for subscription in RMB after the establishment of the Company.

Before the issue of H shares, the share capital of the Company had been increased several times by creation of shares and capitalization of capital reserve and undistributed profits. The total share capital of the Company was 4,927,636,762 shares, including 516,945,097 shares held by foreign shareholders and 4,410,691,665 shares held by domestic shareholders.

Pursuant to the approval of CSRC, the Company is allowed to issue 869,582,800 H shares, representing 15% of the total share capital of the Company as enlarged by the issue. 1,000,020,200 H shares may be issued if the over-allotment options is exercised, representing 16.9% of the total share capital of the Company as enlarged by the issue.

**Article 21** The total number of shares of the Company is 8,666,612,984 shares. The share capital structure of the Company comprises: 8,666,612,984 ordinary shares in issue, including 7,084,648,436 domestic listed ordinary shares (including shares subscribed by foreign investors and domestic investors in both cases in RMB) and 1,581,964,548 H shares, representing 81.75% and 18.25% of the total issued ordinary shares of the Company respectively.

**Article 22** The board of directors of the Company may issue overseas listed foreign shares and domestic shares in accordance with the issue plan as approved by the securities regulatory authority of the PRC.

The issue of overseas listed foreign shares and domestic shares shall be conducted within 15 months from the date of approval by the securities regulatory authority of the PRC.

**Article 23** The proposed issue of overseas listed foreign shares and domestic shares shall be fully subscribed for under their respective offerings. If the shares are not fully subscribed for under the respective offerings for any reason, the shares may, subject to approval of the securities regulatory authority of the PRC, be issued by batches.

**Article 24** The registered capital of the Company is RMB8,666,612,984.

### **Section 2 Increase in and Reduction of Capital and Repurchase of Shares**

**Article 25** The Company may increase its capital for its business operation and development requirements by the following means in accordance with these Articles of Association, laws and regulations subject to resolutions of shareholders at general meetings:

- (1) public offer of shares;
- (2) private placing of shares;
- (3) bonus issue of new shares to existing shareholders;
- (4) rights issue;
- (5) capitalisation of capital reserve;
- (6) other means permitted by laws, administrative regulations and the relevant competent authorities.

Issue of new shares by the Company shall be approved in accordance with these Articles and shall follow the procedures as required by the relevant laws and administrative regulations and the securities regulatory authority where the shares of the Company are listed.

**Article 26** The Company may reduce its registered capital according to these Articles. Reduction of registered capital of the Company shall be made in compliance with the Company Law and other relevant regulations and in accordance with the procedures specified in these Articles.

**Article 27** The Company may, in accordance with laws, administrative regulations, department rules, listing rules of the stock exchange on which the shares of the Company are listed and the procedures set out in these Articles, repurchase its issued shares under the following circumstances:

- (1) reduction of its registered capital;
- (2) merging with another company that holds shares in the Company;
- (3) employing the shares in the employee share ownership scheme or as other incentives;
- (4) repurchasing the shares upon request of its shareholders who vote against resolutions at a general meeting in connection with a merger and division of the Company;
- (5) employing the shares in the issuance of convertible bonds for shares of the Company;
- (6) necessary for safeguarding the corporate value and interest of shareholders.

If the Company repurchases shares for reasons other than those set out in (4) above, it shall obtain approval by resolution of shareholders at general meeting. However, if the Company repurchases A shares for reasons set out in (3), (5) and (6) above, it shall obtain approval by two-thirds of the directors who attend the meeting of the board of directors.



Save as otherwise required in the listing rules of the stock exchange on which the shares of the Company are listed or other securities laws and regulations, if the shares repurchased by the Company according to the first paragraph of this Article falls within the circumstance set out in (1), they shall be cancelled within 10 days from the date of repurchase; or if falls within the circumstances set out in (2) and (4), be transferred or cancelled within six months, or if falls within circumstances set out in (3), (5) and (6), the total number of shares held by the Company shall not exceed 10% of the total number of shares of the Company in issue, and shall be transferred or cancelled within three years.

**Article 28** Subject to approval of the relevant competent authority of the PRC, the Company may repurchase shares in one of the following ways:

- (1) making a general offer to its shareholders for the repurchase of shares on a pro rata basis;
- (2) repurchasing shares in open market on a stock exchange;
- (3) repurchasing shares over the counter by agreement;
- (4) other ways allowed by the laws and administrative regulations, the relevant competent authority and securities regulatory authority where the shares of the Company are listed.

Where the repurchase of shares of the Company by the Company falls under the circumstances stipulated in (3), (5) and (6) of the first paragraph of Article 27, the share repurchase shall be conducted via centralised public trading.

**Article 29** Where the Company repurchases shares over the counter by agreement, prior approval of the general meeting shall be obtained in accordance with these Articles. The Company may, as approved by the general meeting in the same manner, rescind or vary the a agreement so entered into or waive any of its rights thereunder.

An agreement for the repurchase of shares referred to in the preceding paragraph includes (but not limited to) an agreement to assume obligations to repurchase shares and to acquire the rights attached thereto.

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

In respect of repurchase of redeemable shares by the Company, the price payable by the Company shall not exceed a prescribed maximum price if the repurchase is not made through the market or by tender, and if the Company repurchases its shares by tender, all shareholders alike shall be invited for tendering on the same conditions.

**Article 30** After the Company has repurchased shares according to laws, the repurchased shares shall be cancelled within the period prescribed by the relevant laws and administrative regulations and an application shall be made to the original company registration authority for registration of change of registered capital.

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

**Article 31** Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to the repurchase of its issued shares:

- (1) where the Company repurchases shares at par value, payment shall be made out of the distributable profits of the Company or the proceeds of a new issue of shares made for that purpose;



- (2) where the Company repurchases shares at a premium, payment of the par value shall be made out of the distributable profits of the Company or the proceeds of a new issue of shares made for that purpose and payment of the premium in excess of the par value shall be effected as follows:
  - (i) if the shares being repurchased were issued at par value, payment shall be made out of the distributable profits of the Company;
  - (ii) if the shares being repurchased were issued at a premium, payment shall be made out of the distributable profits of the Company or the proceeds of a new issue of shares made for that purpose, provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate amount of premiums previously received by the Company on issue of the shares being so repurchased or the amounts shown in the premium account (or capital reserve) of the Company (including the premiums on the new issue) at the time of the repurchase;
- (3) Expenses incurred by the Company for the following purposes shall be paid out of the distributable profits of the Company:
  - (i) acquisition of the right to repurchase its shares;
  - (ii) variation of any contract for the repurchase of its shares;
  - (iii) release of its obligation(s) under any contract for the repurchase of its shares.
- (4) The registered capital of the Company shall be reduced by the aggregate par value of the cancelled shares in accordance with the relevant provisions. The amount deducted from the distributable profits of the Company for payment of par value of shares repurchased shall be charged to the premium account (or capital reserve) of the Company.

### **Section 3 Share Transfers**

**Article 32** Unless otherwise provided in laws, administrative regulations, these Articles and relevant requirements of the securities regulatory authority of a place where the shares of the Company are listed, shares of the Company are freely transferrable and are not subject to any lien.

**Article 33** The Company shall not accept its own shares as security under any pledge.

**Article 34** The shares of the Company issued to the promoters shall not be transferred within one year from the date of establishment of the Company. Shares issued by the Company prior to a public offering may not be transferred within one year from the date on which the shares are listed and traded on the stock exchange.

Directors, supervisors and senior management shall report to the Company the number of shares held by them as well as the subsequent changes in their shareholdings. The number of shares of the Company which a director, supervisor or senior management may transfer each year during his term of office may not exceed 25% of the total number of the shares of the Company held by them. Shares issued to a director, supervisor or senior management of the Company may not be transferred within one year from the date on which the shares of the Company are listed and traded on the stock exchange. The above persons may not transfer the shares of the Company held by them within six months after resignation.

**Article 35** In the event that the directors, supervisors, senior management or shareholders holding more than 5% of the shares of the Company dispose their shares within six months after purchasing, or repurchase them within six months after disposal, all gains arising therefrom shall be for the benefit of the Company. Nevertheless, securities companies holding more than 5% of the shares as a result of the purchase of unsubscribed shares under an offering through underwriting are not subject to the six-month restriction on share disposal.

If the board of directors fails to comply with the provisions of the preceding paragraph, the shareholders may request the board of directors to implement the related provisions within 30 days. If the board of directors fails to implement the requirements within the specified time, the shareholders may directly institute a lawsuit in the People's Court in his own name for the benefit of the Company.

If the board of directors fails to comply with the provisions of the first paragraph, the responsible directors shall assume joint and several liabilities in accordance with the law.

#### **Section 4 Financial Assistance for the Acquisition of Shares**

**Article 36** The Company and its subsidiaries shall not, at any time, provide any form of financial assistance to a person for the acquisition or proposed acquisition of shares in the Company, including any person who directly or indirectly incurs any obligations as a result of the acquisition of shares in the Company.

The Company and its subsidiaries shall not, at any time, provide any form of financial assistance to reduce or discharge the obligations assumed by such obligor.

This Article shall not apply to the circumstances specified in Article 38 of this chapter.

**Article 37** For the purposes of this chapter, "financial assistance" includes (without limitation) the following:

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of properties by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation in respect of the default of the Company) or release or waiver of any rights;
- (3) provision of loan or entering into any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or the change in parties to, or the assignment of rights under, such loan or agreement;
- (4) provision of any other form of financial assistance 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.

For the purposes of this chapter, "assumption of obligations" includes the assumption of obligations by the obligor by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not and whether such obligation is to be borne solely by the obligor or jointly with other persons) or by any other means which results in a change in his financial position.

**Article 38** Subject to laws, regulations and regulatory documents, the following acts shall not be deemed to be activities prohibited by Article 36 of this chapter:

- (1) the provision of such financial assistance is given in good faith in the interests of the Company and the main purpose of which is not for the acquisition of shares in the Company, or the giving of the financial assistance is an incidental part of an overall plan of the Company;
- (2) the lawful distribution of the assets of the Company by way of dividend;
- (3) the allotment of shares as dividends;
- (4) reduction of registered capital, repurchase of shares of the Company or restructuring of the share capital of the Company in accordance with these Articles of Association;
- (5) the lending of money by the Company in its normal and ordinary course of business of the Company (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 distributable profits of the Company);
- (6) contributions made by the Company to employee share ownership 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 distributable profits of the Company).

#### **Section 5 Share Certificates and Register of Shareholders**

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

Share certificate of the Company shall contain, other than the particulars required by the Company Law, particulars required by the stock exchange(s) on which the shares of the Company are listed.

Share certificates of the Company shall be signed by the chairman of the board of directors. The share certificates shall also be signed by such senior officer(s) if so required by the stock exchange(s) on which the shares of the Company are listed. The share certificates shall take effect after being affixed or imprinted with the seal of the Company or the securities seal of the Company. The seal or the securities seal of the Company shall be affixed with the authority of the board of directors. The signatures of the chairman of the board of directors or other senior officer(s) of the Company may be printed in mechanical form.

**Article 40** If no physical delivery of certificate is required for share transaction, the relevant requirements of the stock exchange(s) on which the shares of the Company are listed shall apply in place of the provisions of Article 39.

**Article 41** The Company shall maintain a register of shareholders of domestic shares in accordance with the information provided by local share registration office. The Company shall maintain a register of holders of H shares which shall contain the following particulars:

- (1) The name, address and occupation or nature of each shareholder;
- (2) The class and number of shares held by each shareholder;
- (3) The amount paid or payable on the shares held by each shareholder;

- (4) The serial numbers of share certificates held by each shareholder;
- (5) The date on which each shareholder was entered in the register;
- (6) The date on which any shareholder ceased to be a shareholder.

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

**Article 42** The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authorities of the PRC and overseas securities regulatory authorities, maintain the register of shareholders of overseas listed foreign shares outside the PRC and appoint overseas agent(s) to manage such register of shareholders. The original register for holders of overseas listed foreign shares listed on the Hong Kong Stock Exchange shall be maintained in Hong Kong.

A duplicate register of holders of overseas listed foreign shares shall be maintained at the registered address of the Company. The appointed overseas agent(s) shall ensure consistency between the original and the duplicate register of shareholders of overseas listed foreign shares at all times.

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

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

The registers of shareholders shall comprise:

- (1) The register of shareholders which is maintained at the registered address of the Company (other than those mentioned in sub-paragraphs (2), (3) and (4) of this Article);
- (2) The register of holders of domestic shares which is maintained in the domestic securities registration and clearing organization;
- (3) The register of holders of overseas listed foreign shares of the Company which is maintained in the place of the overseas stock exchange on which the shares are listed; and
- (4) The register of shareholders which are maintained in such other place as the board of directors may consider necessary for the purposes of the listing of the shares of the Company.

**Article 44** Different registers of shareholders shall be exclusive of each other. No transfer of any shares registered in a register shall, during the continuance of its registration, be registered in any other register.

Any change or correction to any parts of the register of shareholders shall be carried out in accordance with the law of the place where the register of shareholders is maintained.

**Article 45** Fully paid-up overseas listed foreign shares listed on the Hong Kong Stock Exchange shall be freely transferrable in accordance with these Articles. However, the board of directors may refuse to recognize any instrument of transfer without providing any reason, unless:

- (1) the instrument of transfer and other documents relating to or affecting the title to any shares shall be submitted for registration and a fee required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) is paid for registration;
- (2) the instrument of transfer only relates to H shares;
- (3) the instrument has been properly stamped as required by the laws of Hong Kong;
- (4) the relevant share certificate(s) and any other evidence which may be reasonably required by the board of directors to show the right of the transferor to transfer the shares have been provided;
- (5) the number of joint holders of the share to be registered does not exceed four;
- (6) the relevant shares are free from all liens.

All transfer of overseas listed foreign shares in the Company listed in Hong Kong shall be effected in writing in the usual or common form or in any other forms acceptable to the board of directors (including the standard transfer or registration forms approved by the Hong Kong Stock Exchange from time to time). The transfer instrument can be signed by hand or (if the transferor or transferee is a company) by the seal of the company. If the transferor or transferee is a securities clearing house recognized by the laws of Hong Kong (the “recognized securities clearing house”) or its representative, the transfer instrument can be signed in printed mechanical form.

**Article 46** Where there are requirements under the laws, administrative regulations, department rules, normative documents, rules of the relevant stock exchanges or regulatory authorities of the place where the shares of the Company are listed governing the period of closure of register of members prior to a shareholders’ general meeting or prior to the record date for determining the entitlement to dividends, such requirements shall prevail.

**Article 47** Where the Company convenes a shareholders’ meeting, distributes dividend, liquidates or conducts any other acts which require the determination of shareholdings, the board of directors or the convener of general meetings shall determine a record date for the determination of shareholdings in the Company. The shareholders of the Company shall be such persons whose names appear on the register of shareholders after the close of market on such record date.

**Article 48** Any person disagrees to the register of shareholders and requires to have his name entered in or removed from the register of shareholders may apply to a court of the competent jurisdiction for rectification of the register.

**Article 49** Any person who is a registered shareholder or who claims to be entitled to have his name entered in the register of shareholders in respect of shares in the Company may, if his share certificate (the “original certificate”) relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares”).

Application by a shareholder of domestic shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with relevant requirements of the Company Law.

Application by a shareholder of overseas listed foreign shares, who has lost his share certificate, for a replacement share certificate may be dealt with in accordance with the laws, the rules of the stock exchange or other relevant regulations of the place where the original register of holders of overseas listed foreign shares is maintained.

The issue of a replacement share certificate to a shareholder of H shares, who has lost his share certificate, shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in such form as prescribed by the Company accompanied with a notarial certificate or a statutory declaration. The notarial certificate or the statutory declaration shall include the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificate, and a declaration that no other person is entitled to have his name entered into the register of shareholders in respect of the Relevant Shares.
- (2) The Company has not received any declaration made by any person other than the applicant claiming that the name of such person shall be entered into the register of shareholders in respect of such shares before the Company decides to issue a replacement share certificate to the applicant.
- (3) If the Company decides to issue a new share certificate to the applicant, it shall publish an announcement in respect of the issue of new share certificate in newspapers designated by the board of directors. The period of announcement shall be 90 days and the announcement shall be re-issued at least once every 30 days.
- (4) The Company shall, prior to publication of the announcement of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receipt of confirmation from the stock exchange that the announcement has been displayed on the stock exchange. Such announcement shall be displayed on the stock exchange for a period of 90 days.

If the application for replacement of a share certificate is made without the consent of a registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the announcement to be published.

- (5) If the Company has not received any dispute from any person in respect of the issue of the replacement share certificate by the expiration of the 90-day period referred to in paragraphs (3) and (4) of this Article, it may issue a replacement share certificate to the applicant according to the application.
- (6) Where the Company issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and record the cancellation of the original share certificate and issue of a replacement share certificate in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of an original share certificate and the issue of a replacement share certificate shall be borne by the applicant. The Company may refuse to take any action until a reasonable security is provided by the applicant.

**Article 50** After the Company has issued a replacement share certificate pursuant to these Articles of Association, the name of a bona fide purchaser who acquires or becomes the registered owner of such shares may not be removed from the register of shareholders.

**Article 51** The Company shall not be liable for any damages suffered by any person by reason of the cancellation of the original share certificate or the issue of the replacement share certificate unless the claimant is able to prove that the Company has acted fraudulently.

## **CHAPTER 4 SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS**

### **Section 1 Shareholders**

**Article 52** A shareholder of the Company is a person who lawfully holds shares in the Company and whose name is entered in the register of shareholders. A shareholder shall enjoy rights and assume obligations according to the class and the number of shares held by him. Shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

The shareholders of different classes of shares of the Company shall enjoy the same rights for distribution by way of dividends or otherwise.

No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

**Article 53** The ordinary shareholders of the Company shall enjoy the following rights:

- (1) the right to receive distribution by way of dividends and otherwise in proportion to the number of shares held;
- (2) the right to request, convene, chair, attend or appoint a proxy to attend and exercise the corresponding voting right at the shareholders' general meetings in accordance with the laws;
- (3) the right to supervise the operations of the Company and to raise proposals and queries;
- (4) the right to transfer, give or pledge the shares in accordance with laws, administrative regulations and provisions of these Articles of Association;
- (5) the right to obtain relevant information in accordance with these Articles of Association, including:
  1. the right to obtain a copy of these Articles of Association, subject to payment of costs;
  2. the right to inspect and copy, subject to payment of reasonable fee:
    - (i) all registers of shareholders;
    - (ii) personal particulars of the directors, supervisors and other senior management of the Company, including:
      - (a) present and former name and alias;
      - (b) principal address;
      - (c) nationality;



- (d) full time and all other part-time occupations and duties;
  - (e) identification documents and the numbers thereof.
- (iii) share capital of the Company;
  - (iv) reports showing the aggregate par value, share number and the highest and lowest 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 paid by the Company for this purpose;
  - (v) minutes of shareholders' general meetings and the resolutions of the meetings of the board of directors and the supervisory committee;
  - (vi) financial reports; and
  - (vii) receipts of the debenture of the Company.
- (6) the right to request the Company to purchase shares held by him if such shareholder vote against resolution of the shareholders' general meeting concerning the merger or division of the Company;
  - (7) the right to solicit voting rights prior to the convention of the shareholders' general meetings;
  - (8) in the event of the dissolution or liquidation of the Company, the right to participate in the distribution of surplus assets of the Company in proportion to the number of shares held;
  - (9) other rights conferred by laws, administrative regulations, department rules and these Articles of Association.

**Article 54** If a shareholder proposes to inspect such relevant information and request such materials as described in the preceding Article, he or she shall provide the Company with written documents certifying the type and number of the Shares held and the Company shall provide the relevant information and materials in accordance with the request of the shareholder after verifying his or her identity.

**Article 55** In the event that any resolution of the shareholders' general meeting or the board of directors violates any laws and administrative regulations, the shareholders shall have the right to request the People's Court to invalidate the resolution.

In the event that convening procedures or voting methods of the shareholders' general meeting or the board of directors' meeting violate any laws, administrative regulations or these Articles of Association, or if the resolution violates these Articles of Association, the shareholders may request the People's Court to invalidate the resolution within 60 days from the date on which the resolution is passed.

**Article 56** In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or these Articles of Association by the directors or senior management when performing their duties, shareholders who holds more than 1% of the Shares individually or jointly for more than 180 consecutive days shall have the right to request the supervisory committee in writing to initiate litigation before the People's Court. In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or these Articles of Association by the supervisory committee when performing its duties, the shareholders may request the board of directors in writing to initiate litigation before the People's Court.

In the event that the supervisory committee or the board of directors refuses to initiate litigation after receiving a written request of the shareholders as specified in the preceding paragraph, or fails to institute litigation within 30 days of the receipt of the request, or if failure to institute litigation immediately may cause irreparable damage to the interest of the Company under urgent circumstances, the shareholders as mentioned in the preceding paragraph shall have the right to directly initiate litigation before the People's Court in his name for the interest of the Company.

In the event of infringement of the Company's legal rights and interests by a third party resulting in losses to the Company, the shareholders in the first paragraph of this Article may initiate litigation before the People's Court in accordance with the preceding two paragraphs.

In the event that directors or senior management violate laws, administrative regulations or these Articles of Association to the detriment of the interests of the shareholders, the shareholders may initiate litigation before the People's Court.

**Article 57** The shareholders of the Company shall assume the following obligations:

- (1) to comply with laws, administrative regulations and these Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed for and the method of subscription;
- (3) not to demand the return of capital unless under situations otherwise specified under laws and regulations;
- (4) to refrain from causing damages to the interest of the Company or other shareholders by abusing the rights of shareholders and causing damages to the interest of the creditors of the Company by abusing the legal person status and the limited liability of the shareholders;

The shareholders of the Company who abuse their rights and cause damages to the interest of the Company or other shareholders shall be liable for compensation in accordance with laws.

The shareholders of the Company who abuse the legal person status and the limited liability of shareholders to evade from debts and cause material damages to the interest of the creditors of the Company shall assume joint and several liability to the creditors of the Company.

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

Shareholders shall be not responsible for subscription of additional share capital except the conditions agreed by the subscriber upon subscription.

**Article 58** Where any shareholder holding more than 5% of the shares with voting rights pledge his shares, he shall immediately inform the Company in writing on the date of such pledge of shares.

**Article 59** The controlling shareholder and the actual controlling person shall not take advantage of their connected relationship to harm the interest of the Company. Any violation of such provision which results in losses to the Company shall be liable for compensation.

Actual controller or actual controlling person shall mean a person who, although is not a shareholder of the Company, is able to exert actual control over the conduct of the Company by virtue of investment or through agreements or any other arrangements.

**Article 60** The controlling shareholder and the actual controlling person of the Company shall bear the fiduciary responsibility to the Company and public shareholders of the Company. The controlling shareholders shall strictly exercise rights of the contributor and may not by way of profit distribution, asset allocation, investment, use of capital and loan guarantee to infringe the legal rights of the Company and public shareholders and may not take advantage of his or her controlling position to harm the interest of the Company and the public shareholders.

In addition to the obligations imposed by laws and administrative regulations or the listing rules of the stock exchange on which the shares of the Company are listed, a controlling shareholder in exercising rights as a shareholder may not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or any of the shareholders of the Company:

- (1) to relieve a director or supervisor of his duty to act in good faith in the best interests of the Company;
- (2) to approve deprivation by a director or supervisor (for his own benefit or for the benefit of another person) of the assets of the Company in any way, including (but not limited to) opportunities which are beneficial to the Company;
- (3) to approve deprivation 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 as restructuring approved by the shareholders in a general meeting in accordance with these Articles of Association).

**Article 61** For the purpose of the this Article, a “controlling shareholder” means a person who satisfies any one of the following conditions:

- (1) a person who, acting alone or in concert with others, has the power to elect more than half of the members of the board of directors;
- (2) a person who, acting alone or in concert with others, has the power to exercise or to control the exercise of 30% or more of the voting rights of the Company;
- (3) a person who, acting alone or in concert with others, holds 30% or more of the issued and outstanding shares of the Company;
- (4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

## **Section 2 Shareholders’ General Meeting**

**Article 62** The shareholders’ general meeting is the body of authority of the Company and shall exercise the following powers in accordance with the laws:

- (1) to decide on the operation objectives and investment plans of the Company;
- (2) to elect and remove directors and to decide on matters relating to the remuneration of directors;
- (3) to elect and remove supervisors who represent the shareholders and to decide on matters relating to the remuneration of supervisors;
- (4) to consider and approve reports of the board of directors;
- (5) to consider and approve report of the supervisory committee;

- (6) to consider and approve the annual budget 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 increase in or reduction of the registered capital of the Company;
- (9) to resolve issue of debentures by the Company;
- (10) to resolve matters in relation to merger, division, dissolution and liquidation of the Company;
- (11) to amend these Articles of Association;
- (12) to resolve on the appointment, dismissal and non-reappointment of the accounting firm by the Company;
- (13) to consider motions raised by shareholders who represent 3% or more of the total number of outstanding and issued shares with voting rights of the Company;
- (14) to consider and approve the change of use of proceeds;
- (15) to consider related transactions which need to be considered at the shareholders' general meeting as required by the regulations of the securities regulatory authority and stock exchange where the Company is listed;
- (16) to consider the purchase or sale of material assets within one year which exceeds 30% of the audited total assets of the period most recently audited;
- (17) to consider and approve matters relating to guarantee as provided in Article 63;
- (18) to consider share incentive schemes;
- (19) to consider other matters which, according to the laws, administrative regulations, departmental rules, the Articles of Association and requirements of listing rules of the place where the Company is listed, need to be approved at the shareholders' general meeting.

The abovementioned powers of the shareholders' general meeting may not be exercised by the board of directors or other bodies and individuals on its behalf by delegation.

**Article 63** The following external guarantees of the Company must be considered and approved by the shareholders' general meeting:

- (1) any guarantee provided by the Company and its controlling subsidiary with a total amount reaching or exceeding 50% of the audited net assets in the latest period;
- (2) guarantees provided in the preceding 12 months of which the cumulative amount exceeds 30% of the audited total assets of the Company as of the latest period;
- (3) guarantees provided to any guaranteed party whose gearing ratio exceeds 70%;
- (4) guarantees of which a single guarantee amount exceeds 10% of the audited net assets of the period most recently audited;
- (5) guarantees provided to the shareholders, actual controlling person and their related parties.

- (6) guarantees provided in the preceding 12 months of which the cumulative amount exceeds 50% of the audited net assets of the Company as of the latest period and exceeds RMB50 million in absolute amount;
- (7) other guarantees as prescribed under the listing rules of the place(s) where the Company is listed or the Articles of Association.

A shareholder and other shareholders under the common control of a controlling person shall abstain from voting on a resolution for the provision of guarantee to such shareholders or controlling person or related parties and the resolution shall be passed by more than half of the voting shares represented by other shareholders presented at the shareholders' general meeting. A resolution approving any guarantee specified in (2) above shall be passed by more than two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting.

**Article 64** The Company may not, without prior approval of shareholders in general meeting, enter into any contract with any person (other than a director, supervisor and other senior management) pursuant to which such person shall be responsible for the management and administration of the whole or any substantial part of the business of the Company.

**Article 65** The shareholders' general meetings include annual general meetings and extraordinary general meetings. Shareholders' general meetings are convened by the board of directors. The annual shareholders' general meeting shall be convened once a year and be held within six months after the end of the previous accounting year.

**Article 66** Under any of the following circumstances, the board of directors shall convene an extraordinary general meeting within two months since the date of occurrence:

- (1) the number of directors is less than the minimum number required by the Company Law or less than two thirds of the number required by these Articles of Association;
- (2) the uncovered losses of our Company reach one-third of its total share capital;
- (3) the shareholders individually or jointly holding more than 10% of the total outstanding shares of the Company with voting power request to convene an extraordinary general meeting in writing;
- (4) the board of directors considers it necessary;
- (5) more than half of the independent directors jointly proposes;
- (6) the supervisory committee proposes;
- (7) other circumstances specified under laws, administrative regulations, departmental rules or these Articles of Association.

Number of shares held by the shareholders mentioned in paragraph (3) above shall be determined on the date when the written request is submitted.

**Article 67** The venue of the shareholders' general meeting shall be the registered address of the Company or such other place specified in the notice of meeting.

The shareholders' general meeting shall be attended in person. The Company shall also make arrangement on online voting, solicitation of voting rights, voting by correspondence or other methods to facilitate the shareholders to attend the shareholders' general meeting. Shareholders who participate in the shareholders' general meeting by the above methods shall be deemed present at the meeting.

Shareholders who vote online shall vote through the system of the Shenzhen Stock Exchange and their identities will be authenticated by the system in their approved manners. Shareholders who vote by correspondence shall submit their decision on resolutions of the shareholders' general meeting (with signature and date), a copy of their identity document (with signature and specified its use for such shareholders' general meeting only) and a copy of shareholder card (with signature and specified its use for such shareholders' general meeting only) by speed post to the address and person specified in the notice of meeting before 3:00 p.m. on the date of the shareholders' general meeting. The vote will be deemed invalid if the abovementioned information is incomplete.

**Article 68** The Company shall engage a lawyer to provide legal opinion on the following matters of the shareholders' general meeting for disclosure:

- (1) whether the manner and procedures of convening the meeting are in compliance with the laws, administrative regulations and these Articles of Association;
- (2) whether the qualifications of the attendees and convener of the meeting are legal and valid;
- (3) whether the procedures and results of voting at the meeting are legal and valid;
- (4) provide legal opinion on other matters as required by the Company.

### **Section 3 Call for General Meetings**

**Article 69** Independent directors shall have the right to propose to the board of directors to convene an extraordinary general meeting. The board of directors shall give a written reply within ten days after receipt of the proposal from the independent directors in accordance with the laws, administrative regulations and these Articles, stating its agreement or disagreement to convene the extraordinary general meeting.

If the board of directors agrees to convene an extraordinary general meeting, a notice of the general meeting shall be given within five days after the resolution of the board of directors. If the board of directors does not agree to convene an extraordinary general meeting, reasons for such disagreement shall be given and announced.

**Article 70** The supervisory committee shall have the right to propose to the board of directors to convene an extraordinary general meeting and such request shall be made in writing. The board of directors shall give a written reply within ten days after receipt of the proposal in accordance with the laws, administrative regulations and these Articles, stating its agreement or disagreement to convene the extraordinary general meeting.

If the board of directors agrees to convene an extraordinary general meeting, a notice of the general meeting shall be given within five days after resolution of the board of directors. Any change to the original proposal shall be approved by the supervisory committee.

If the board of directors does not agree to convene an extraordinary general meeting, or fails to make a reply within ten days after receipt of the proposal, the board of directors shall be deemed as incapable of performing or failing to perform its duty of convening a general meeting. In such case, the supervisory committee may convene and preside over the meeting.

**Article 71** Procedures for shareholders requesting to convene an extraordinary general meeting or a class meeting of shareholders shall be as follows:

Shareholders who hold more than 10% of the shares of the Company individually or jointly shall have the right to request the board of directors to convene an extraordinary general meeting or a class meeting and the request shall be made in writing. The board of directors shall within ten days after receipt of the request provide a written reply, pursuant to the laws, administrative regulations and these Articles, stating its agreement or disagreement to convene the extraordinary general meeting or the class meeting.

In the event that the board of directors agrees to convene an extraordinary general meeting or a class meeting, a notice of the general meeting shall be given within five days after the resolution of the board of directors, and any change to the original request shall be subject to the approval of the relevant shareholders. Once the notice is given, the board of directors may not raise any new proposal and, without consent of the relevant proposing shareholders, may not change or postpone the date for holding the meeting.

In the event that the board of directors does not agree to convene an extraordinary general meeting or a class meeting, or fails to make a reply within ten days after receipt of the request, shareholders holding more than 10% of the shares of the Company individually or jointly shall have the right to request the supervisory committee to convene an extraordinary general meeting or a class meeting and the request shall be made in writing to the supervisory committee.

In the event that the supervisory committee agrees to convene an extraordinary general meeting or a class meeting, a notice of the general meeting shall be given within five days after receipt of the request, and any change to the original proposal in the notice shall be subject to the approval of the relevant shareholders.

In the event that the supervisory committee fails to send the notice of general meeting within the specified time, the supervisory committee shall be deemed not to convene and preside over the general meeting, and shareholders having held more than 10% of the shares of the Company separately or jointly for more than 90 days consecutively may convene and preside over the meeting.

Any reasonable expenses incurred by the shareholders for reason of failure of the board of directors to duly convene a meeting shall be reimbursed by the Company and any sum so reimbursed shall be set-off against sums payable by the Company to the defaulting directors.

**Article 72** In the event that the supervisory committee or the shareholders convene the general meeting by themselves, a notice shall be given to the board of directors and the same shall be filed with the local branch of the CSRC and the relevant stock exchange in the place where the Company locates.

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

The notice of the extraordinary general meeting given by the convening shareholders shall meet the following requirements:

- (1) The proposed resolution shall not contain any additional content. Otherwise, the proposing shareholders shall make another request to the board of directors according to the procedures as set out above;
- (2) The meeting shall be held at the venue as specified by these Articles.



The convening shareholders shall submit relevant supporting documents to the local branch of the CRSC and the relevant stock exchange in the place where the Company locates upon the issuance of the notice of meeting and the announcement of resolutions of the general meeting.

**Article 73** The board of directors and its secretary shall provide cooperation in the event the supervisory committee or shareholders convene a general meeting by themselves. The board of directors shall provide the register of shareholders as at the record date.

**Article 74** All necessary expenses incurred for the general meeting convened by the supervisory committee or shareholders shall be borne by the Company.

#### **Section 4 Motions and Notice of General Meeting**

**Article 75** The contents of motions of general meeting shall fall within the function and power of the general meeting, and shall contain clear subjects for discussion and specific matters to be resolved and shall comply with relevant provisions of the laws, administrative regulations and the Articles of Association.

**Article 76** Where the Company convenes a general meeting, the board of directors, supervisory committee and shareholder(s) individually or jointly holding more than 3% of the shares of the Company shall have the right to propose new motions to the Company. The Company shall include such proposed motions on the agenda of such general meeting if they are matters falling within the functions and powers of the general meetings.

Shareholder(s) individually or jointly holding more than 3% of the shares of the Company may put forward any ex tempore motion in writing to the convener 10 days before the general meeting. The convener shall give a supplementary notice of the general meeting to announce the motion within 2 days after its receipt of the motions.

Apart from as stipulated by the preceding paragraph, after the convener has given the notice of the general meeting, no contents shall be altered and no new motions shall be added therein.

Motions not listed on the notice of general meeting or not complying with Article 75 shall not be voted or resolved at the general meeting.

**Article 77** Where the Company convenes an annual general meeting, a written notice of the meeting shall be given 20 working days before the date of the meeting and where the Company convenes an extraordinary general meeting, a written notice of the meeting shall be given 10 working days or 15 days (whichever is longer) before the date of the meeting to notify all shareholders whose names appear on the register of shareholders of the matters to be considered at and the date and place of the meeting. In determining the commencement date and the period, the Company shall not include the date on which the meeting is held.

**Article 78** (Deleted)

**Article 79** A notice of general meeting shall:

- (1) be in writing;
- (2) specify the time and date, place and duration of the meeting;
- (3) state the businesses and motions to be considered at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to make an informed decision on the matters to be discussed. Without limiting the generality of the foregoing, where a proposal is made to consolidate and repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the specific terms and the contract, if any, of the proposed transaction must be provided and the reason and effect of such proposal must be properly explained;
- (5) contain a disclosure of the nature and extent of the material interests, if any, of any director, supervisor and senior management in the matters to be discussed, and difference in the effect which the matters to be discussed will have on them in their capacity as shareholders in so far as it is different from the effect on the interests of shareholders of the same class;
- (6) contain the full text of any special resolution to be proposed at the meeting;
- (7) conspicuously contain a statement stating that all shareholders are entitled to attend and vote at the general meeting, and any shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his behalf and that a proxy need not be a shareholder of the Company;
- (8) specify the record date for determining the shareholders who are entitled to attend the general meeting;
- (9) specify the date and place for the delivery of proxy form for use at the meeting; and
- (10) state the names and telephone numbers of the contact persons for the meeting.

Any notice and supplementary notice of general meetings shall sufficiently and completely disclose all contents of all motions in full. If any matter to be discussed requires opinions of the independent directors, the opinions and reasons of the independent directors shall be disclosed together with the issuance of such notice.

If a general meeting is held online or otherwise, the designated time and procedure for voting online or through other means shall be expressly stated in the notice of such meeting. Where online voting or voting through other means is adopted for the general meeting, it shall commence no earlier than 3 p.m. on the day before the convening of the general meeting but no later than 9:30 a.m. on the date of the meeting and shall end no earlier than 3 p.m. on the day when the general meeting is concluded.

The period between the record date and the date of the meeting shall not be more than 7 working days. The record date shall not be changed once confirmed.

**Article 80** Where the election of directors and supervisors are scheduled to be discussed at a general meeting, the notice of the general meeting shall sufficiently disclose the detailed information about the director and supervisor candidate(s), including at least the following contents:

- (1) personal information including education background, working experience and part-time job;
- (2) whether he is connected with the Company or its controlling shareholders and actual controller;
- (3) his shareholding in the Company;
- (4) whether he has received any punishment from the CSRC and other relevant authorities and any punishment and warning from the stock exchange.

Except the election of directors and supervisors by means of cumulative voting, election of every director and supervisor candidate shall be conducted by separate resolution.

**Article 81** A notice of general meetings shall be served on every holder of H share(s) (whether or not such shareholder is entitled to vote at the meeting) by public announcement, or by hand or prepaid mail. For the notice delivered by hand or prepaid mail, it shall be delivered to the address of the shareholder as shown in the register of shareholders. For the holders of domestic shares, notice of the meetings may also be given by way of public announcement.

The public announcement of general meeting of holders of domestic shares referred to in the preceding paragraph shall be published in one or more newspapers designated by the CSRC. After the publication of such announcement, all holders of domestic shares shall be deemed to have received the notice of the relevant general meeting. The public announcement of a general meeting to holders of H shares may be given via the website(s) of the Company and/or the Hong Kong Stock Exchange. Upon the publication of such announcement, all holders of H shares shall be deemed to have received the notice of the relevant general meetings.

**Article 82** The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed thereat.

**Article 83** After the notice of the general meeting is issued, the general meeting shall not be postponed or cancelled, and the motions set out in such notice shall not be cancelled without valid reasons. Where a general meeting has to be postponed or cancelled, the convener shall publish a public announcement at least 2 working days before the original date of the general meeting and state the relevant reasons.

### **Section 5 Holding of General Meetings**

**Article 84** The board of directors of the Company and other convener shall take such necessary measures to ensure the normal order at the general meeting. For any disturbance to the order at the meeting and acts infringing the lawful interests of the shareholders, preventive measures shall be taken, and any such incidents shall be reported to the relevant authorities for investigation and tackling.

**Article 85** All shareholders whose names appeared on the register of shareholders of the Company on the record date or their proxies are entitled to attend the general meeting, and exercise voting rights in accordance with relevant laws and regulations and the Articles of Association.

Shareholders may attend the general meeting in person, or appoint proxies to attend and vote on their behalf.

**Article 86** Individual shareholders attending the meeting in person shall present their identity card or other valid documents or certificates as proof of identity or stock account card. Proxies attending the meeting on behalf of the shareholders shall produce their valid identity card and power of attorney signed by the shareholders.

Corporate shareholders shall attend the meeting by its legal representatives or the proxies appointed by the legal representatives. The legal representative present at the meeting shall produce his identity card and valid proof showing the status of legal representative, and the proxy present at the general meeting shall produce his identity card and the power of attorney in writing issued by the legal representative of the corporate shareholder either under corporate seal or signed by its director or duly authorized attorney, in accordance with the laws.

**Article 87** Any shareholder who is entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one or more persons, who need not be shareholders, as his proxies to attend and vote on his behalf, and a proxy so appointed shall be entitled to exercise the following rights pursuant to the authorization of that shareholder:

- (1) the right to speak at the meeting;
- (2) the right to demand for voting by a poll individually or jointly with others;
- (3) unless otherwise specified in the listing rules of the stock exchange(s) on which the shares of the Company are listed or other securities laws and regulations, the right to vote by hand or on a poll, but if there are more than one proxy appointed by the shareholder, they may only exercise the voting power on a poll.

If such shareholder is a recognized clearing house (or its nominee), the shareholder is entitled to authorize one or more person(s), as it thinks fit, to act as its proxy at any general meeting or any class meeting of shareholders. However, if more than one person is authorized, the proxy form shall set out the number and class of shares represented by each such person so authorized. A person so authorized may exercise the right on behalf of the recognized clearing house (or its nominee), as if he was an individual shareholder of the Company.

**Article 88** The proxy form shall be deposited at the registered address of the Company or such other place as the notice of meeting may specify not less than 24 hours before the commencement of the relevant meeting at which the proxy is appointed to vote or 24 hours before the time appointed for voting. If the form of proxy is signed by the attorney on behalf of the shareholder, the power of attorney or other authority must be notarised. The notarised power attorney or other authority, must be delivered to the registered address of the Company or such other place specified in the notice of the meeting together with the proxy form.

If the appointer is a corporation, it may be represented at the general meeting of the Company by its legal representative or the person authorized by its board of directors or other decision-making body with the proxy form signed by a duly authorized officer.

**Article 89** The proxy form that a shareholder issues to appoint another party to attend a general meeting on his behalf shall contain the following contents:

- (1) the name of the proxy;
- (2) whether the proxy has voting right;
- (3) the instruction on voting for or against or abstaining from voting for each of the matters listed on the agenda of the general meeting for consideration;
- (4) the date of issuance and effective period of the proxy form;
- (5) the signature (or seal) of the appointer. The corporate seal shall be affixed if the appointer is a corporate shareholder.

**Article 90** The proxy form issued to a shareholder by the board of directors of the Company for appointment of proxy shall be in such form that the shareholder can freely instruct the proxy to vote in favor of or against each resolution and to give instruction on each item of the business put to vote at the meeting. Such form shall specify that if a shareholder fails to give instruction, the proxy may vote in such a way as he thinks fit.

**Article 91** The vote given by the proxy in accordance with the proxy form shall be valid notwithstanding the death or loss of capacity of the appointer, or revocation of the appointment of proxy or the authorization to sign the proxy form, or transfer of the concerned shares, provided that no notice in writing in respect of such matters as mentioned above has been received by the Company before the commencement of the relevant meeting.

**Article 92** Register of attendees shall be prepared by the Company. The register shall contain information such as names of attendees (or names of business units), identity card number, residential address, number of shares with voting rights held or represented, and names of persons represented (or names of business units represented).

**Article 93** The convener and lawyer engaged by the Company shall together verify the validity of qualification of shareholders in accordance with the register of shareholders provided by the securities registration and clearing institution and overseas agency, and shall register the name of shareholders and the number of shares with voting rights held by them. Registration for the meeting shall be closed before the chairman of the meeting declares the number of shareholders and proxies present at the meeting as well as the total number of shares with voting rights held by them.

**Article 94** When a general meeting is convened, all directors, supervisors and the secretary to the board of directors of the Company shall attend the meeting, and the senior management shall also appear thereat.

**Article 95** A general meeting shall be convened and chaired by the chairman of the board of directors. If the chairman of the board of directors is unable to attend the meeting for any reason, the vice chairman of the board of directors shall convene and chair the meeting. If both the chairman and the vice chairman are unable to attend the meeting, the meeting shall be presided over by a director elected by more than half of the directors.

The general meeting convened by the supervisory committee shall be chaired by the chairman of the supervisory committee. In event that the chairman of the supervisory committee is unable or fails to perform his duties, the chairman of the supervisory committee shall designate a supervisor to chair the meeting. If the chairman of the meeting fails to designate a supervisor, a supervisor elected by more than half of the supervisors shall chair the meeting.

The general meeting convened by shareholder(s) shall be chaired by a representative elected by the convener.

During the general meeting, if the chairman of the meeting violates any of rules of procedure and as a result the general meeting cannot proceed, a person may be elected at the general meeting to act as the chairman of the meeting to resume the meeting, subject to the approval of the shareholders present at the meeting and having more than half of the voting rights.

**Article 96** The Company shall formulate the rules of procedure for general meetings to govern the convening of and voting at such meetings, which shall include the notice of meeting, registration, consideration for motions, voting, count of votes, announcement of voting results, formulation of resolution, minutes and signature thereon, and announcements, as well as the principles and scope of authorization granted to the board of directors by the general meeting. The rules of procedure of general meeting shall be formulated by the board of directors and approved by shareholders at general meeting and as an appendix to these Articles.

**Article 97** The board of directors and supervisory committee shall table their work report of the past year before an annual general meeting. Each independent director shall report his work thereat.

**Article 98** Directors, supervisors and senior management shall give explanations and elaborations regarding the enquiries and suggestions of the shareholders at a general meeting.

Directors, supervisors and senior management may refuse to answer any question with explanation if: (1) the question is irrelevant to the subject being discussed; (2) the matter relating to the question is subject to an investigation; (3) the question involves the trade secret of the Company which cannot be disclosed at the general meeting; (4) answering the question will prejudice the interests of shareholders as a whole; (5) for other important reasons.

**Article 99** The chairman of the meeting shall declare the total number of shareholders and proxies present thereat and the total number of shares with voting rights held by such shareholders and proxies before voting commences. The total number of shareholders and proxies present at such meeting and the total number of shares with voting rights held by such shareholders and proxies shall be based on the register of the meeting.

**Article 100** The general meeting shall have minutes which are recorded by the secretary to the board of directors and include the following contents:

- (1) the date and time, venue and agenda of the meeting and the name of the convener;
- (2) the names of the chairman of the meeting, and the directors, supervisors and senior management attending or appearing before the meeting;
- (3) the number of shareholders and proxies present at the meeting, total number of shares with voting rights held by them, and the percentage of shares with voting rights held by them to the total number of shares of the Company;
- (4) the discussion process, key points of speech and voting results for each motion;
- (5) any enquiries or suggestions raised by shareholders and the corresponding reply or explanation;
- (6) the names of the lawyer, the vote counter and the scrutineer;
- (7) other contents which shall be recorded in the minutes pursuant to these Articles.

**Article 101** The convener shall ensure that the minutes are true, accurate and complete. Directors, supervisors, the secretary to the board of directors, the convener or his representative and the chairman of the meeting shall sign on the minutes. The minutes shall be kept together with the register for signing by attending shareholders and the proxy forms of their proxies and valid information on voting via the internet and other manners, for a period of no less than 10 years.

**Article 102** The convener shall ensure general meeting is held without adjournment until the final resolution is reached. Where special reasons such as force majeure have led to the suspension of the meeting or failure in passing a resolution, necessary measures shall be taken to promptly resume the meeting, or to end the current meeting directly with a timely announcement. Meanwhile, the convener shall report to the local branch of CSRC and the relevant stock exchange in the place when the Company locates.

### **Section 6 Voting at and Resolutions of General Meetings**

**Article 103** Resolutions of general meetings shall be classified into ordinary resolutions and special resolutions. An ordinary resolution of a general meeting must be passed by votes representing more than half of the voting rights represented by the shareholders (including proxies) present at the meeting.

A special resolution of a general meeting shall be passed by votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

**Article 104** The following matters require the passing of an ordinary resolution at a general meeting:

- (1) work reports of the board of directors and the supervisory committee;
- (2) profit distribution plans and loss recovery plans formulated by the board of directors;
- (3) appointment and removal of members of the board of directors and members of the supervisory committee, their remuneration and manner of payment;
- (4) the Company's annual preliminary, final budgets, balance sheets, profit and loss accounts and other financial statements;
- (5) annual reports of the Company;
- (6) any matters other than those which are required by the laws and administrative regulations, the requirements of the listing rules of the stock exchange on which the shares of the Company are listed or by the Company's Articles of Association to be passed by way of special resolution.

**Article 105** The following matters require the passing of a special resolution at a general meeting:

- (1) increase or reduction in registered capital of the Company;
- (2) repurchase of the Company's shares and the issue of shares of any class, warrants and other similar securities, save as otherwise specifically required in Article 27 hereof;
- (3) issuance of the Company's bonds;
- (4) division, merger, dissolution and liquidation of the Company;
- (5) amendment to the Company's Articles of Association;



- (6) any purchase or disposals of major assets or any guarantees provided by the Company of the amount exceeding 30% of the Company's audited total assets in the latest period;
- (7) share incentive scheme;
- (8) any other matter as specified by the laws, administrative regulations and the Articles of Association which, considered by the shareholders at a general meeting and resolved by way of ordinary resolution, may have a material impact on the Company and shall be adopted by way of special resolution.

**Article 106** A shareholder shall be entitled to one vote for every share with voting right he holds when voting in person or by proxy.

Shares held by the Company shall not carry any voting rights and shall not be counted into the total shares with voting rights represented by shareholders attending the general meeting.

The board of directors, independent directors and shareholders who satisfy relevant provisions may solicit the voting rights of other shareholders.

In soliciting voting rights of shareholders, information such as specific voting intention shall be sufficiently disclosed to the shareholders from whom voting rights are being solicited. Solicitation of voting rights at any consideration, whether in direct or indirect form, is prohibited. The Company may not propose any minimum shareholding restriction on the solicitation of voting rights.

**Article 107** Where a connected transaction is considered at a general meeting, the connected shareholder shall not participate in the voting, and the number of voting shares he represents shall not be included in the total number of valid votes. The announcement on the resolutions of the general meeting shall fully disclose the voting of the shareholders who are not connected parties. The definition and category of connected shareholders shall be determined in accordance with the relevant provisions of the securities regulatory authority and stock exchange of the place where the Company's shares are listed.

In the event that connected shareholders are unable to abstain from voting under special circumstances, voting on the resolution may be proceeded in accordance with normal procedure upon approval of the relevant authorities. The relevant details shall be explained in the announcement of resolutions of the general meeting.

The connected shareholder shall abstain from voting on relevant matters voluntarily. If the connected shareholder does not abstain voluntarily, any other shareholder who is aware of the fact may request him to abstain therefrom. In the event of such abstention, voting shares of the abstaining shareholder shall not be counted into the total valid voting shares.

Any resolution of a general meeting for matters about any connected transaction shall be passed by more than half of the independent shareholders (including proxies of shareholders) present at the general meeting.

Under the circumstances that the resolution of general meeting cannot be made if the connected shareholder does not vote and under other special circumstances, the general meeting may be held in accordance with the second paragraph of this Article.

The aforesaid special circumstances are that: 1. the connected shareholder is the only shareholder present at the general meeting; 2. the motion proposed by the connected shareholder who requests to participate in the voting is submitted to the general meeting and passed by other shareholders present at that meeting through the voting process for special resolution; 3. any situation under which the connected shareholder is unable to abstain therefrom.

**Article 108** The chairman of the meeting shall be responsible for determining whether a resolution has been passed. His decision shall be final and conclusive, and shall be announced at the meeting and recorded in the minutes.

**Article 109** The Company may facilitate the shareholders to attend a general meeting by through various ways and means and by providing an on-line voting platform using modern information technology provided that the lawfulness and validity of the general meeting can be ensured.

**Article 110** Unless the Company was under special circumstances, such as a crisis, and subject to approval by a special resolution at a general meeting, the Company may not enter into any contract with any party other than its directors, and senior management personnel of the Company under which such party will be in charge of the management of all of the Company's businesses or its major businesses.

**Article 111** The list of candidates of directors and supervisors shall be proposed as a motion for voting at the general meeting.

Candidates of directors or supervisors shall be nominated by the board of directors or supervisory committee or by any shareholder(s) holding, individually or jointly, a total of more than 3% of the Company's voting shares in writing to the convener.

After the convener gives the notice of a general meeting for electing directors or supervisors, any shareholder(s) holding, individually or jointly, a total of more than 3% of the Company's voting shares may nevertheless nominate new candidates of directors or supervisors before the date of the general meeting. The convener shall then act in accordance with Article 76 of these Articles.

Cumulative voting system can be adopted for voting in respect of the election of directors and supervisors at a general meeting in accordance with the provisions of the Articles of Association or resolution(s) of the general meeting.

Cumulative voting system referred to in the preceding paragraph means a system of voting for the election of directors or supervisors at the general meeting under which voting rights of each share is equal to the number of directors or supervisors to be elected and the shareholder can cast all his votes in the same manner or cast for different candidates. The competitive election method (that means the proposed directors and supervisors will be elected according to the descending order of number of votes they secured with reference to the number of directors and supervisors to be elected; and candidates who have higher number of votes are elected) shall be adopted for the cumulative voting system for the election of directors and supervisors. The board of directors shall notify, by way of announcement, the shareholders regarding the biographies and basic information of proposed directors and supervisors.

**Article 112** Other than the cumulative voting system, the general meeting will vote on all motions one by one, and for the different motions on the same matter, voting will be proceeded according to the time order these motions are put forward. Other than special reasons such as force majeure which results in the interruption of the meeting or makes it impossible to come to resolution, the general meeting shall not stay the motions or withhold from voting.

**Article 113** When considering a motion at the general meeting, such motion shall not be amended; otherwise, the relevant amendment shall be treated as a new motion and shall not be voted at the same general meeting.

**Article 114** The same voting right may only be exercised once by voting in person, voting online or by other means. The vote first cast shall prevail for any multiple cast of the same voting right.

**Article 115** Voting at a general meeting shall be conducted by show of hands, unless voting by poll is requested before or after the show of hands commences by the following officers:

- (1) the chairman of the meeting;
- (2) at least two shareholders present in person or by proxy entitled to vote thereat;
- (3) by one or more shareholders (including proxies) holding individually or in aggregate 10% or more of the shares carrying voting rights at the meeting.

Unless a poll is demanded, a declaration by the chairman that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favour of or against such resolution.

The demand for a poll may be withdrawn by the person who demanded the same.

**Article 116** Request for voting by poll shall be honoured forthwith if it is in connection with the election of the chairman of the meeting or the adjournment of the meeting. Request for voting by poll on any other matters may be honoured at such time as the chairman of the meeting thinks fit, and the meeting and other businesses at the meeting may be proceeded with. The result of the poll shall be deemed to be a resolution of such meeting.

**Article 117** On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way.

**Article 118** The chairman of the meeting shall have one more vote in the case of an equality of votes, whether on a show of hands, on a poll or otherwise.

**Article 119** Before voting on any motion at a general meeting, two representatives of the shareholders shall be elected to participate in vote counting and scrutinizing. Any shareholder who has interests in the matter under consideration and proxies of such shareholder shall not participate in vote counting or scrutinizing.

When the shareholders are voting on the motions at the meeting, lawyers, shareholders' representatives and supervisors' representatives shall be jointly responsible for vote counting and scrutinizing. The voting results of resolutions shall be announced at the venue and included in the minutes.

Shareholders or their proxies who vote via the internet or other ways shall have the right to check their voting results through the relevant voting system.

**Article 120** The physical general meeting shall not be closed earlier than that held via the internet or otherwise. The chairman of the meeting shall announce the voting and result of each motion, and whether the motion is passed pursuant to voting results.

Prior to announcement of the voting results, the Company and the vote counter, scrutineer, substantial shareholder(s), internet service provider and other relevant parties in relation to voting at the physical general meeting, meeting held via the internet or otherwise shall undertake confidentiality obligations in relation to the voting results.

**Article 121** Shareholders present at the general meeting shall cast their votes in favour of or against the proposed resolutions, or abstain from voting. This Article does not apply to securities registration and clearing houses which, as nominee holders of shares subject to the Mainland-Hong Kong Stock Connect, cast their votes in accordance with the intentions of the actual holders.

With respect to voting forms which are uncompleted, wrongly completed, completed with illegible writing or not cast, the shareholders who cast such vote shall be deemed to have abstained from voting and such votes shall be calculated as abstentions.

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

**Article 122** If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' meeting, he may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder and proxy present who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the voting result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

**Article 123** If votes are counted at a general meeting, the counting result shall be recorded in the minutes.

Such minutes, shareholders' attendance registers and proxy forms shall be kept at the Company's registered address.

**Article 124** Copies of the minutes of any shareholders' meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder requests for a copy of such minutes from the Company, the Company shall send a copy of such minutes to him within 7 days after receipt of reasonable fees.

**Article 125** The resolution of the general meeting shall be announced in a timely manner. The announcement shall set out the number of shareholders and proxies attending the meeting, the total number of shares held and its percentage to the total number of voting shares of the Company, the voting method, the voting result of each resolution and the details of each of the resolutions passed.

Where material matters affecting the interests of small-to-medium sized investors are being considered at a shareholders' general meeting, each vote cast by the small-to-medium sized investors shall be counted separately. Results of votes counted separately shall be disclosed in a timely manner.

**Article 126** If the resolution is not passed, or if the resolution passed at the preceding general meeting is amended at the current general meeting, a special note shall be made in the announcement of the resolutions of the general meeting.

**Article 127** Where a general meeting has passed the resolutions for electing directors and supervisors, the newly elected directors and supervisors shall assume their office immediately thereafter.

**Article 128** Where any motions in relation to the distribution of profits, issue of bonus shares or capital increase by way of realization of capital reserve fund are passed at the general meeting, the Company shall implement the specific proposal within 2 months from the closing of the general meeting.

## Section 7 Specific Proceedings for Class Meetings

**Article 129** Any shareholder who holds different types of shares is a holder of share of that class.

Holder of shares of that class shall enjoy rights and assume obligations in accordance with the laws, administrative regulations and these Articles of Association.

**Article 130** Rights conferred on any class of shareholders may not be varied or abrogated save with the approval of a special resolution of shareholders at a general meeting and by holders of shares of that class at a separate meeting convened in accordance with Articles 132 to 136.

**Article 131** The following circumstances shall be deemed to be variation or abrogation of the rights attaching to a particular class of shares:

- (1) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having such rights of voting, allocation or other privileges equal or superior to those attached to shares of that class;
- (2) to exchange all or part of the shares of that class for shares of another class or to exchange or to create a right to exchange all or part of the shares of another class for shares of that class;
- (3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of that class;
- (4) to reduce or remove preferential rights attached to shares of that class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (5) to add, reduce or remove conversion rights, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of that class;
- (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of that class;
- (7) to create a new class of shares having such rights of voting or allocation or privileges equal or superior to those attached to the shares of that class;
- (8) to restrict or impose further restriction on the transfer or ownership of shares of that class;
- (9) to grant rights to subscribe for, or to convert the existing shares into, shares in the Company of that class or another class;
- (10) to increase the rights or privileges of shares of another class;
- (11) to restructure the Company in such a way resulting in the disproportionate distribution of obligations between the various classes of shareholders;
- (12) to vary or abrogate the provisions of this chapter herein.

**Article 132** Shareholders of the affected class, whether or not otherwise having the right to vote at a general meetings, have the right to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 131, but interested shareholder(s) shall not be entitled to vote at such class meetings.

“(An) interested shareholder(s)” used in the preceding paragraph means:

- (1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of public dealing on a stock exchange pursuant to Article 28, a “controlling shareholder” defined in Article 61;
- (2) in the case of a repurchase of shares by an over-the-counter agreement pursuant to Article 28, a holder of the shares to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on shareholders of that class under the proposed restructuring or who has an interest in the proposed restructuring different from the general interests of the shareholders of that class.

**Article 133** Resolutions of a class meeting of shareholders shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who are entitled to vote thereat according to Article 132.

**Article 134** Written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders in accordance with the requirements on notice period of convening a general meeting under Article 77 of the Articles. Such notice shall give such shareholders notice of the matters to be considered at such meeting, the date and the place of the class meeting.

**Article 135** Notice of class meetings shall only be served on shareholders entitled to vote thereat.

Class meetings shall be conducted in a manner which is as similar as possible to that of general meetings. The provisions of these Articles of Association relating to the manner for the conduct of general meetings shall be applicable to class meetings.

**Article 136** Apart from the holders of other classes of shares, the holders of the domestic shares and holders of overseas-listed foreign shares shall be deemed to be holders of different classes of shares.

The special procedures for approval by holders of classes of shares shall not apply in the following circumstances: (1) where the Company issues, upon the approval by special resolution of its shareholders at a general meeting, either separately or concurrently in twelve months, domestic shares and overseas-listed foreign shares of not more than 20% of each of its existing issued domestic shares and overseas-listed foreign shares; (2) where the Company’s plan to issue domestic shares and overseas-listed foreign shares proposed at the time of its establishment is carried out within fifteen months from the date of approval of the securities regulatory authority of China; or (3) where a holder of domestic shares transfer the shares he holds, upon the approval by the securities regulatory authorities of China described in Article 17 herein, to an overseas investor, and the transferred shares are listed and traded on the overseas stock exchange.

## CHAPTER 5 BOARD OF DIRECTORS

### Section 1 Directors

**Article 137** A director of the Company shall be a natural person. A person may not serve as a director if any of the circumstances stated in Article 196 below applies. The election, appointment or engagement of directors shall be invalid if the election or appointment violates the requirements of this Article. The Company shall remove a director if any of the circumstances stated in Article 196 applies during his term of office.

Each of the directors shall be elected or replaced at the shareholders' general meeting with a term of three years, which term is renewable upon re-election or re-appointment. A written notice stating the intention to nominate a candidate for the position of director and the candidate's consent to be nominated shall be delivered to the Company at least 7 days before the shareholders' general meeting.

Subject to all relevant laws and administrative regulations and without prejudice to any potential claim which may be made under any contract, the shareholders' general meeting may by ordinary resolution remove any director before the expiration of his term of office.

The term of office of a director shall commence from the date of appointment until the expiry of the current session of the board of directors. If the term of office of a director expires but re-election is not made, the original directors shall continue to perform their duties in accordance with the laws, administrative regulations, departmental rules and the provisions of the Articles of Association until a new director is elected and assumes office.

Any person appointed by the board of directors to fill a casual vacancy or as an addition to the board of directors shall hold office until the Company's next annual shareholders' general meeting and shall then be eligible for re-election.

Directors may concurrently serve as general manager or senior management personnel of the Company, provided that the total number of directors who concurrently serve as general manager or senior management personnel of the Company shall not exceed half of the total number of the Company's directors.

**Article 138** The directors are required to comply with the laws, administrative regulations and the Articles of Association, and to carry out their duties in good faith and diligence. They are obliged:

- (1) not to make use of their powers to accept bribes or other unlawful income and appropriate the Company's properties;
- (2) not to misappropriate the Company's funds;
- (3) not to deposit the Company's assets or funds into accounts under their own names or the name of other individuals;
- (4) not to lend the Company's funds to others or provide guarantees in favor of others with the Company properties as collaterals in violation of the Articles of Association or without approval of the shareholders' general meeting or board of directors;
- (5) not to enter into contracts or dealing with the Company in violation of the Articles of Association or without prior approval of the shareholders' general meeting;



- (6) not to make use of their positions to procure business opportunities for themselves or others that shall have otherwise been available to the Company, or operate for their own benefit or managing on behalf of others businesses similar to those of the Company without approval of the shareholders' general meeting;
- (7) not to accept for their own benefits commission in any deal with the Company;
- (8) not to divulge without authorization confidential information of the Company;
- (9) not to take advantage of their connected relationship to prejudice the interests of the Company;
- (10) to perform other fiduciary duties specified in the laws, administrative regulations, departmental rules and the Articles of Association.

Income generated by directors in violation of this Article shall be of the benefit of the Company. A director who incurs any loss to the Company shall be liable to the Company for compensation.

**Article 139** The directors shall comply with the laws, administrative regulations and the Articles of Association, and shall owe the following diligent duties to the Company:

- (1) exercising the rights conferred by the Company prudentially, carefully and diligently to ensure that commercial operations of the Company are conform to the laws, administrative regulations and various requirements of economic policies, and that commercial activities of the Company will not exceed the scope of business specified in the business license;
- (2) treating all of the shareholders equally;
- (3) understanding the Company's business operation and management in a timely manner;
- (4) signing a written confirmation or opinion in connection with the regular reports of the Company and ensuring that the information disclosed by the Company is true, accurate and complete;
- (5) providing relevant facts and information truthfully to the supervisory committee, and not hindering the supervisory committee or the supervisors from exercising their authorities;
- (6) attending board meetings in person, acting in a reasonably prudent and diligent manner, giving clear advices on matters under discussion, and appointing representatives carefully to attend any board meeting if they cannot attend in person;
- (7) seriously reading all operating and financial reports as well as all material reports on the Company made by the media, timely keeping abreast with any material event of the Company occurred or likely to occur and its impact on a continuous basis, timely reporting to the board of directors any problem with the operating activities of the Company, and not evading any liability with the excuse of no direct participation in the operation and management or no information on the issue and situation;
- (8) other diligent duties specified in the laws, administrative regulations, departmental rules and the Articles of Association.

**Article 140** If a director fails to attend the meeting of the board of directors in person or fails to appoint any other director to attend on his behalf as his proxy for two consecutive times, he shall be deemed to be unable to perform his duties, and the board of directors shall propose to the shareholders' general meeting to dismiss him.

**Article 141** A director may resign prior to the expiry of his term of service. When a director intends to resign, he shall submit a written resignation to the board of directors. The board of directors shall disclose this information within 2 days.

If the number of directors is less than the minimum number of directors required by law due to the resignation of a director during his term of office, then such director shall continue to perform his duties in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected and assumes his office.

Except the aforesaid circumstances, the resignation of a director shall become effective when the report of resignation is served on the board of directors.

**Article 142** Directors shall handover his works to the board of directors upon resignation or expiry of their term of office. The obligations of fidelity to the Company and shareholders shall not automatically discharge but remain effective within a reasonable period specified in these Articles.

Upon the effective resignation or expiry of the tenure of a director, he shall fulfill the fiduciary obligation within a period of 2 years after the termination of his tenure. His obligation of confidentiality in respect of the Company's trade secrets survives after the termination of his tenure until the same is made public.

**Article 143** A director may not act personally on behalf of the Company or the board of directors unless otherwise provided by these Articles or legal authorization is granted by the board of directors. If such director acts personally and third parties may believe such director is acting on behalf of the Company or the board of directors, he shall declare his own position and identity in advance.

**Article 144** Directors who are in breach of laws, administrative regulations, departmental rules or the Articles of Association in the course of performing their duties shall be liable to compensate the Company for any loss so caused.

**Article 145** A director has a statutory obligation to protect the capital of the Company. In case that any director of the Company assists or allows a controlling shareholder or its associated company to embezzle the Company's assets, the board of directors shall, depending on the degree of impact, punish the direct responsible person and make a proposal to the shareholders' general meeting for dismissing any director who shall be liable therefor.

**Article 146** The independent directors shall carry out responsibilities in accordance with relevant requirements of the laws, administrative regulations and departmental rules.

## **Section 2 Board of Directors**

**Article 147** The Company shall have a board of directors. The board of directors is accountable to the general meeting.

**Article 148** The board of directors shall consist of seven directors, including four independent directors.

**Article 149** The board of directors exercises the following duties and powers:

- (i) to convene the general meeting and report on work at the general meeting;
- (ii) to implement the resolutions of the general meeting;
- (iii) to set the business and investment plans of the Company;
- (iv) to devise the annual financial budget and closing account plans of the Company;
- (v) to devise the profit distribution and loss offset plans of the Company;
- (vi) to set the plans for increasing or reducing the registered capital, the issuance of corporate bonds or other securities, as well as the listing proposal of the Company;
- (vii) to formulate plans for major acquisition, repurchase of shares of the Company or merger, division, dissolution and changing the form of the Company;
- (viii) to determine such matters as external investment, purchase or sale of major assets, asset collateralization, providing external guarantees and entrusting wealth management of the Company, within the scope authorized by the general meeting, unless otherwise required by the securities regulatory authority and stock exchange where the Company is listed;
- (ix) to decide on connected transactions which require approval of the board of directors under the regulations of the securities regulatory agency and stock exchange where the Company is listed;
- (x) to decide on the internal management structure of the Company;
- (xi) to appoint or dismiss the general manager and secretary of the board of directors, appoint or dismiss the deputy general manager, chief financial officer, and other senior management of the Company based on the nomination of the general manager, and determine their remuneration, rewards and sanctions;
- (xii) to set the basic management systems of the Company;
- (xiii) to formulate the proposal for the amendments to these Articles;
- (xiv) to manage the disclosure of company information;
- (xv) to propose the appointment or change of the accounting firm that performs audits for the Company at the general meeting unless otherwise stipulated in these Articles;
- (xvi) to decide on the setup of special committees and the appointment and dismissal of related personnel;
- (xvii) to receive the work report and review the work performance of the general manager of the Company;
- (xviii) to decide to repurchase the shares of the Company as authorized by the these Articles;
- (xix) to decide on other major matters and administrative issues not specified in these Articles to be decided at the general meeting;
- (xx) to exercise other powers and duties authorized by the laws, administrative regulations, departmental rules and these Articles.

All of the above resolutions adopted by the board of directors, except those in (vi), (vii) and (xiii) and those that must be approved by more than two-thirds of the directors otherwise specified in laws, administrative regulations and these Articles, shall be approved by a simple majority of votes by the directors. Matters beyond the scope authorized by the general meeting shall be submitted to the general meeting for decision.

**Article 150** The board of directors shall provide explanations to the general meeting about the qualified opinions raised by certified public accountant with regard to the financial statements of the Company.

**Article 151** The board of directors shall formulate the rules of procedure of the board of directors to ensure the implementation of resolutions of the general meetings, enhance efficiency and ensure the decision making process is conducted in a scientific manner. The rules of procedure of the board of directors shall be formulated by the board of directors and approved at the general meeting as an appendix to these Articles.

**Article 152** The board of directors shall determine the scope of authorization for external investment, acquisition and disposal of assets, pledge of assets, external guarantee, entrusted wealth management and connected transaction and put in place stringent examination and decision making procedures. Major investment projects shall be assessed and examined by a team of experts or professionals and shall be approved at the general meeting.

(i) Venture investment

- (1) Investment on securities, futures, options, foreign exchange, investment funds and entrusted wealth management permitted by the laws and regulations;
- (2) Investment in advanced technology industry permitted by the laws and regulations.

The board of directors may carry out the above venture investment with the assets of the Company, provided that the total investment so made shall not exceed 10% of the net assets of the Company.

(ii) Non-venture investment

- (1) External investments: external investment of an amount not exceeding 10% of the net assets of the Company as at the end of the previous accounting year;
- (2) Asset disposals: disposal of asset not exceeding 10% of the net assets of the Company as at the end of the previous accounting year, which shall include acquisition and sale of assets, joint venture, replacement, separation, pledge of asset and other disposal plans. Decision on disposal of fixed assets shall be made pursuant to Article 154 herein;

(iii) Related party transactions

- (1) Shareholders' general meeting: transaction between the Company and a related party (except the acceptance of gift of cash assets or provision of guarantee by the Company) exceeding RMB30 million and representing more than 5% of the latest audited net asset value of the Company shall be disclosed in a timely manner, the subject matter of which shall be reviewed or evaluated by an external firm with relevant qualifications of securities and futures dealing appointed for such purpose and shall be put forward to the shareholders' general meeting for decision;

- (2) Board of directors: related party transaction between the Company and a related party who is a legal person exceeding RMB3 million and representing more than 0.5% of the audited net asset value of the Company as of the latest period, or related party transaction between the Company and a related party who is a natural person exceeding RMB300,000 shall be put forward to the board of directors for approval. If the transaction also falls under (1) above, it shall also be put forward to the shareholders' general meeting for approval;
  - (3) In addition to (1) and (2) above, the Company shall also confirm the definition and scope of connected transactions based on the Hong Kong Listing Rules, and make relevant announcements and/or submit to the shareholders' general meeting for decision.
- (iv) External guarantee:
- (1) External guarantee as specified in Article 63 herein shall be decided at the shareholders' general meeting, while other external guarantees of the Company shall be decided by the board of directors.
  - (2) External guarantees must be decided by the board of directors or at the shareholders' general meeting. External guarantees requiring approval of the shareholders' general meeting shall be reviewed and adopted by the board of directors before being put forward to the shareholders' general meeting for approval. External guarantees requiring approval of the board of directors shall be reviewed and approved by more than two-thirds of the directors present at the relevant meeting.
  - (3) When the shareholders' general meeting is considering the proposal of providing guarantee for any shareholder, actual controller or its connected parties, such shareholder(s) or the shareholders under the control of the actual controller shall be abstained from voting, and such resolution(s) shall be subject to approval by more than half of the votes represented by the voting rights of other shareholders present at the general meeting.
  - (4) The external guarantees approved by the board of directors or at the shareholders' general meeting shall be promptly disclosed by way of publication on the newspapers designated by the CSRC for information disclosure or other applicable media, which shall include the resolution of the board of directors or the shareholders' general meeting, and the amount of external guarantee provided by the Company and its subsidiaries and the total amount of guarantee provided by the Company to its subsidiaries as at the date of information disclosure.
  - (5) External guarantees provided by subsidiaries of the Company shall be subject to the provisions as set out above.

**Article 153** The system of “forfeiture upon misappropriation” shall be applied for freezing the shares of shareholder(s) or actual controller in the Company by judicial order once upon the discovery of any misappropriation of assets of the Company by such shareholder(s) or actual controller. In the event that the misappropriated assets cannot be recovered by cash, the forfeited shares shall be disposed of and the proceeds from the disposal shall be applied to compensate the losses.

**Article 154** The board of directors shall not, without the prior approval of shareholders at general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate amount of the expected consideration for the proposed disposal and the proceeds from any such disposal of any fixed assets of the Company completed within four months immediately preceding the proposed disposition exceeds 33% of the value of fixed assets of the Company as shown in the latest balance sheet tabled at a shareholders' general meeting.

For the purposes of this Article, disposal of fixed assets includes the transfer of an interest in assets but does not include the charge of fixed assets as security.

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

**Article 155** The board of directors shall have a chairman who shall be elected by more than half of all members of the board of directors.

**Article 156** The chairman of the board of directors shall exercise the following duties:

- (1) to preside over general meetings and to convene and preside over meetings of the board of directors;
- (2) to supervise and check on the implementation of resolutions passed at the meeting of the board of directors;
- (3) during the adjournment of board meeting, and pursuant to the authority conferred by the board of directors, to decide on any matter about investment with an amount not exceeding 5% of the net assets of the Company as at the end of the previous accounting year as well as any proposal for asset disposal with an amount not exceeding 5% of the net assets of the Company as at the end of the previous accounting year;
- (4) to sign important documents of the board of directors and other documents that shall be signed by the legal representative of the Company;
- (5) to exercise the authorities of legal representatives;
- (6) to nominate any candidate for the position of general manager to the board of directors for discussion and voting;
- (7) in case of emergency circumstances of force majeure events such as extraordinary natural disasters, to exercise special disposal powers in compliance with legal requirements and in the interests of the Company with regard to affairs of the Company and provide post event reports to the board of directors and the shareholders' general meeting;
- (8) to determine the establishment, alteration and cancellation of the Company's branches (including but not limited to branch companies and offices) according to the business development requirements of the Company;
- (9) to exercise other duties and powers conferred by the board of directors.

**Article 157** If the chairman of the board of directors is unable or fails to perform his duties, he shall appoint a director as his representative to perform his duties. If such representative cannot or fails to do so, another director shall be elected by more than half of the directors to perform those duties.

**Article 158** The board of directors shall have at least two meetings each year which shall be convened by the chairman of the board of directors. A notice shall be served in the written form on all directors and supervisors 10 days before the holding of board meeting. In case of any emergency, an extraordinary board meeting may be convened by more than one-third of directors or the general manager of the Company.

**Article 159** Any shareholders representing more than one-tenth of the voting rights of shareholders or more than one-third of the members of the board of directors or the supervisory committee may propose to convene an extraordinary meeting of the board of directors. The chairman of the board of director shall convene and chair such board meeting within ten days after the receipt of the proposal.

**Article 160** A notice given by the board of directors for convening an extraordinary board meeting shall be made in the written form (including delivery by hand or fax) and the notice shall be served on all directors five days before the holding of board meeting.

In the case as set out in the preceding paragraph, if the chairman of the board of directors cannot perform his duties, he shall designate a director as his representative to convene the extraordinary board meeting. If the chairman of the board of directors cannot perform his duties and no designation is made to perform the duties on his behalf, one director shall be elected jointly by more than half of the directors to convene the board meeting.

**Article 161** A notice of meeting of the board of directors shall include the following:

- (1) the date and place of the meeting;
- (2) the duration of the meeting;
- (3) the reasons and matters for discussion;
- (4) date of the notice.

**Article 162** Quorum of a board meeting shall be more than half of the directors (including any director appointed as a representative in writing by another director to attend the board meeting on his behalf under these Articles). The resolution proposed by the board of directors shall be passed by more than half of all the directors, except for matters that have to be passed by more than two-thirds of the votes of the directors as prescribed by Article 149 and other laws and regulations.

Each director shall have one vote when voting on the resolution of the board of directors.

In case of an equality of affirmative votes and dissenting votes, the chairman shall be entitled to cast one more vote.

**Article 163** When matters to be resolved in meetings of the board of directors involve the enterprises that are related to directors, such directors shall be abstained from voting in respect of such resolutions themselves or on behalf of other directors. Quorum of the meetings of the board of directors shall be more than half of the directors who are not connected parties. Resolutions by the board of directors shall be passed by more than half of the directors who are not connected parties. Where there are less than three unrelated directors present at the board meeting, such matters shall be submitted to the shareholders' general meeting for consideration. The definition and category of connected directors shall be determined in accordance with the relevant provisions of the securities regulatory authority and stock exchange of the place where the shares of the Company are listed.



**Article 164** The voting for resolution of the board of directors shall be carried out by way of a show of hands or a poll. Each director shall have one vote.

The extraordinary board meeting may be held and may pass resolutions by means of communication with the confirmation by the signatures of directors attending the meeting provided that the directors are able to fully express their opinions thereat.

**Article 165** Directors shall attend the meetings of the board of directors in person. Where a director is unable to attend a meeting for any reason, he may by a written power of attorney appoint another director to attend the meeting on his behalf. The power of attorney shall set out the name of the attorney, the particulars and the scope of authorization and duration of the validity of such authorization, and shall be signed or affixed a seal by the appointor. A director appointed as the representative of another director to attend the meeting shall exercise the rights of a director within the scope of authority conferred by the appointing director. Where a director is unable to attend a meeting of the board of directors and has not appointed the representative to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

**Article 166** For any board meeting, it is required to keep minutes of resolutions passed at the board meeting. The minutes shall be signed by the directors present at the meeting. Directors shall be liable for board resolutions. If any resolution of the board of directors violates the laws, regulations or the Articles of Association which causes the Company to suffer any losses, the directors participating in voting for the resolution shall assume the liability for make compensation to the Company. However, any director who is proved to have objected to the motion in the voting as recorded in the minutes shall be exempted from the liability.

Minutes of board meetings shall be kept as corporate files for a period of no less than ten years.

**Article 167** Minutes of board meetings shall include the following:

- (1) the date and place of the meeting and, the names of the conveners;
- (2) the names of the attending directors and of directors as attorney who are authorized to attend the meeting of the board of directors by another party;
- (3) the agenda of the meeting;
- (4) the key points of the speeches of directors;
- (5) the voting methods and results of each resolution (the results of the voting shall include the respective numbers of affirmative votes, dissenting votes and abstention votes for each resolution).

## **CHAPTER 6 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT**

**Article 168** The Company shall have one general manager who shall be appointed or dismissed by the board of directors. The Company shall have several deputy general managers who shall be appointed or dismissed by the board of directors.

Senior management of the Company shall include general manager, deputy general manager, chief financial officer and the secretary to the board of directors.

**Article 169** The fiduciary duties and duties of diligence regarding the directors set out in Articles 138 and 139(4)(6) respectively shall be applicable to senior management.

**Article 170** Persons holding administrative positions other than directors or supervisors in controlling shareholders of the Company may not serve as senior management of the Company.

**Article 171** The general manager shall have a term of three years, eligible for reappointment.

**Article 172** The general manager shall be accountable to the board of directors and shall exercise the following functions and powers:

- (1) to supervise the production, operation and management of the Company; to organize the implementation of the resolutions of the board of directors and to report to the board of directors;
- (2) to carry out the annual business and investment plans of the Company;
- (3) to propose organization structure of the Company;
- (4) to devise the management system of the Company;
- (5) to formulate the rules and regulations of the Company;
- (6) to propose the appointment or dismissal of the deputy general manager and chief financial officer of the Company;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (8) to determine the remuneration, benefits, reward, punishment, appointment and dismissal of staff of the Company;
- (9) to propose the convening of extraordinary meetings of the board of directors;
- (10) to exercise other powers conferred by these Articles of Association or the board of directors.

The general manager shall be entitled to attend meetings of the board of directors. The general manager who is not a director does not have any voting rights at board meetings.

**Article 173** The general manager shall formulate his terms of reference which shall be implemented after approval by the board of directors.

**Article 174** The terms of reference of the general manager shall include the followings:

- (1) the conditions and procedures for convening meetings of the general manager and eligible participants of the meetings;
- (2) specific duties and responsibilities of the general manager and other senior management;
- (3) authority on the utilization of capital and assets of the Company and execution of major contracts and the reporting duty to the board of directors and supervisory committee;
- (4) other matters considered necessary by the board of directors.

**Article 175** The general manager may resign before the expiration of his term of office in accordance with the resignation procedure and method set out in the contract of employment between the general manager and the Company.

**Article 176** According to the requirements of the Company, the Company shall determine the procedures for the appointment and dismissal of the deputy general manager, the relationship between the deputy general manager and the general manager and the responsibilities and authorities of the deputy general manager in these Articles.

**Article 177** The Company shall have one secretary to the board of directors. The secretary shall be a senior officer of the Company.

The secretary to the board of directors shall act in accordance with the relevant laws, administrative regulations, departmental rules and these Articles of Association.

**Article 178** The secretary to the board of directors shall be a natural person who has the requisite professional knowledge and experience and shall be appointed by the board of directors. His/ her main duties include:

- (1) ensure the completeness of the constitutional documents and records of the Company;
- (2) ensure the Company prepares and submits the reports and documents legally required by the competent authorities;
- (3) ensure the register of shareholders is properly maintained and those who have rights to obtain the relevant records and documents can receive them in time.

**Article 179** A director or other senior officer of the Company may concurrently act as the secretary to the board of directors. No accountant of the accounting firm engaged by the Company may act as the secretary to the board of directors.

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

**Article 180** A senior officer shall be liable for any loss suffered by the Company due to his breach of the laws, administrative regulations, departmental rules or Articles of Association in performing his duties.

A senior officer of the Company shall have a statutory obligation to protect the capital of the Company. In case that any senior officer of the Company assists or allows a controlling shareholder or its associated company to embezzle the assets of the Company, the board of directors shall punish or dismiss the responsible person subject to its severity.

**CHAPTER 7 SUPERVISORY COMMITTEE**

**Section 1 Supervisor**

**Article 181** Directors, the general manager and other senior management personnel may not concurrently serve as supervisors.

**Article 182** Supervisors are required to comply with the laws, administrative regulations and the Articles of Association, and are obligated to perform their duties in good faith and diligence. Supervisors may not make use of their powers to accept bribes or other unlawful incomes or appropriate the Company’s properties.

A supervisor has a statutory obligation to protect the capital of the Company. In case that any supervisor of the Company fails to perform his duties, or assists or allows a controlling shareholder and its associated company to embezzle the Company's assets, the supervisory committee shall, depending on the severity, punish the direct responsible person and make a proposal to the shareholders' general meeting for dismissing any supervisor who shall be liable therefor to a large extent.

**Article 183** The term of the supervisory committee shall be 3 years. Supervisors may be re-elected upon expiry of the term.

**Article 184** Where timely re-election fails upon expiry of the term of supervisors or resignation is received from any supervisor during his term of office, as a result of which the number of supervisors is less than the minimum number of supervisors required by law, the original supervisors shall, prior to the assumption of office by the newly elected supervisors, perform their duties in accordance with the laws, administrative regulations and the provisions of the Articles of Association.

**Article 185** Supervisors shall ensure the truthfulness, accuracy and completeness of the information disclosed by the Company.

**Article 186** Supervisors may attend meetings of the board of directors, and raise questions or proposals regarding resolutions of the board meetings.

**Article 187** Supervisors may not compromise the interests of the Company by means of their connection with the Company. They shall be liable to compensate the Company for any loss so caused.

**Article 188** Supervisors who are in breach of laws, administrative regulations, departmental rules and the Articles of Association in the course of performing their duties shall be liable to compensate the Company for any loss so caused.

## **Section 2 Supervisory Committee**

**Article 189** The Company shall establish a supervisory committee, which comprises three supervisors. The supervisory committee shall have one chairman. The chairman of the supervisory committee shall convene and preside over the meetings of the supervisory committee. If the chairman of the supervisory committee cannot or fails to perform his duties, he shall designate a supervisor to convene and preside over the meetings of the supervisory committee. If no such designation is made, one supervisor shall be elected jointly by more than half of the supervisors to convene and preside over the meeting of the supervisory committee.

The supervisory committee shall include supervisors representing the shareholders and an appropriate proportion of supervisors representing the staff of the Company. The proportion of staff representative supervisors shall not be less than one-third of the total number of the supervisors. The shareholders' representatives of the supervisory committee shall be elected and dismissed at the shareholders' general meeting. The staff representatives shall be elected and dismissed by the Company's staff through general meetings of staff representatives, staff general meetings or other democratic means.

The appointment and dismissal of the chairman of the supervisory committee shall be resolved by more than two-thirds of the supervisors of the supervisory committee.

**Article 190** The supervisory committee shall be accountable to the shareholders' general meeting and shall perform the following duties:

- (1) to review the Company's periodical reports prepared by the board of directors and to express its comments in writing;
- (2) to inspect the Company's financial position;
- (3) to supervise the behaviour of the directors and senior management personnel in performing their duties, and to advise on dismissal of any directors and senior management personnel who are in breach of laws, administrative regulations, the Company's Articles of Association or resolutions of the shareholders' general meetings;
- (4) to demand the directors and senior management personnel to rectify their errors if they have acted in a harmful manner to the Company's interest;
- (5) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the shareholders' general meetings and, should any queries arise, to authorize, in the name of the Company, a re-examination by certified public accountants or practicing auditors;
- (6) to propose to convene an extraordinary general meeting, and where the board of directors fails to perform the duties in relation to convening or presiding over a shareholders' general meeting as required by the Company Law, to convene and preside over the shareholders' general meeting;
- (7) to propose motions at a shareholders' general meeting;
- (8) to take legal actions against directors and senior management personnel in accordance with Section 151 of the Company Law;
- (9) to investigate into any abnormalities in operation of the Company; and if necessary, to engage professional institutions such as accounting firms and law firms to assist its work, and the expenses shall be borne by the Company;
- (10) to exercise other authorities as authorized by the Company's Articles of Association or the shareholders' general meetings.

**Article 191** The supervisory committee shall meet at least once every six months and the meetings shall be convened by the chairman of the supervisory committee. Supervisors may propose to convene extraordinary meetings of supervisory committee.

The supervisory committee shall hold meetings to make decision. Resolutions of the supervisory committee shall be passed by more than two-thirds of the supervisors.

**Article 192** The supervisory committee shall formulate procedural rules for supervisors' meetings and specify the methods of discussion and procedures of voting so as to ensure that the supervisory committee operates effectively and makes decisions rationally.

The procedural rules for supervisors' meetings shall provide for the procedures of convening of and voting at supervisory committee meetings. The procedural rules shall be included in the Articles of the Company or attached to the Articles as appendix and shall be formulated by the supervisory committee and approved at the shareholders' general meeting.

**Article 193** The supervisory committee shall maintain minutes of its meetings which shall be signed by the supervisors present thereat.

Supervisors have the right to request inclusion of explanations in the minutes regarding the views they have expressed at the meeting.

Minutes of supervisory committee meetings shall be kept as the Company's files for a period of at least 10 years.

**Article 194** A notice of the meeting of supervisory committee shall include the followings:

- (1) the date, venue and duration for holding the meeting;
- (2) the reasons and matters for discussion;
- (3) date of the notice.

**Article 195** All reasonable fees incurred for engaging professionals such as lawyers, certified public accountants or practicing auditors by the supervisory committee in the exercise of its duties and powers shall be borne by the Company.

#### **Chapter 8 Qualifications and Duties of the Directors, Supervisors and Senior Management**

**Article 196** A person may not serve as a director, supervisor, general manager or other senior management of the Company if any of the following circumstances applies:

- (1) A person who loses or has limited capacity for civil conduct;
- (2) A person who has been sentenced for corruption, bribery, infringement of property or misappropriation of property or other crimes for disruption of the social or economic order, where less than a term of 5 years has lapsed since the sentence was served, or a person who has been deprived of his political rights and not more than 5 years have lapsed since the sentence was served;
- (3) A person who is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation as a result of mismanagement and who was personally liable for the winding up of such company or enterprise, where less than 3 years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (4) A person who is a former legal representative of a company or enterprise that the business license of which was revoked due to violation of law and who are personally liable therefor, where less than 3 years have elapsed since the date of the revocation of the business license;
- (5) A person who has a large amount of outstanding debts which have become overdue;
- (6) A person who is currently under investigation by judicial authorities for violation of criminal law;
- (7) A person who, according to relevant laws and administrative regulations, cannot act as a leader of an enterprise;
- (8) A person other than a natural person;

- (9) A person who has been prohibited by CSRC from access to the stock market, where such prohibition has not been expired;
- (10) A person who has been convicted by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than 5 years have lapsed from the date of such conviction.

**Article 197** The validity of an act carried out by a director and senior management of the Company on behalf of the Company as against a bona fide third party shall not be affected by any irregularity in his office, election or any defect in his qualification.

**Article 198** In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which shares of the Company are listed, each of the directors, supervisors and senior management shall owe the following obligations to all shareholders in the exercise of the duties and powers entrusted to them by the Company:

- (1) Not to cause the Company to operate beyond the scope of business stipulated in its business license;
- (2) To act honestly and in the best interests of the Company;
- (3) Not to expropriate the property of the Company in any way, including (but not limited to) deprivation of opportunities which benefit the Company;
- (4) Not to expropriate the individual rights of shareholders, including (but not limited to) the rights to distribution and voting rights, save and except pursuant to a restructuring of the Company which has been submitted to the shareholders' general meeting for approval in accordance with these Articles.

**Article 199** Each of the directors, supervisors and senior management shall, in the exercise of his powers and in the discharge of his duties, exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 200** Each of the directors, supervisors and senior management shall exercise his powers or perform his duties in accordance with the fiduciary principle, and shall not put himself in a position where his duty and his interest may conflict. This principle includes (without limitation) discharging the following obligations:

- (1) To act honestly in the best interests of the Company;
- (2) To act within the scope of his powers and not to exceed such 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, administrative regulations or with the informed consent given by the shareholders' general meeting, not to delegate his discretion to others to exercise;
- (4) To treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) Unless otherwise provided for in these Articles or except with the informed consent of the shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;



- (6) Not to use the property of the Company for his own benefit without the informed consent of the shareholders' general meeting;
- (7) Not to exploit his position to accept bribes or other illegal income or expropriate the property of the Company in any way, including (but not limited to) opportunities which benefit the Company;
- (8) Not to accept commissions in connection with the transactions of the Company without the informed consent of shareholders' general meeting;
- (9) To comply with these Articles of Association, to perform his official duties faithfully, to protect the interests of the Company and not to exploit his position and power in the Company for his own interests;
- (10) Not to compete with the Company in any way, unless informed consent is obtained from shareholders' general meeting;
- (11) Not to misappropriate the money of the Company or to lend such money to any other person, not to place the assets of the Company in accounts in his own name or in any other name or to use such assets to guarantee the debts of a shareholder of the Company or any other personal liabilities;
- (12) not to divulge any confidential information which he has obtained during his office without the informed consent of shareholders' general meeting or use such information otherwise than for the benefit of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
  - (i) it is required by the relevant laws;
  - (ii) it is required for public interests;
  - (iii) it is required for the interests of the relevant director, supervisor or senior management.

Income generated by directors and senior management in violation of this Article shall be of the benefit of the Company.

**Article 201** Directors, supervisors and senior management of the Company may not direct the following persons or entities (hereinafter referred as to the "associates") to act in a manner which he is prohibited from so acting:

- (1) The spouse or child under the age of 18 of any of the directors, supervisors or senior management of the Company;
- (2) The trustee of any of the directors, supervisors or senior management of the Company or of any of the persons described in sub-paragraph (1) above;
- (3) The partner of any of the directors, supervisors or senior management of the Company or of any person referred to in sub-paragraphs (1) and (2) of this Article;
- (4) A company in which any of the directors, supervisors or senior management of the Company, whether alone or jointly with one or more of the persons referred to in sub-paragraphs (1), (2) and (3) of this Article or other directors, supervisors or senior management of the Company, has de facto controlling interest;

(5) The directors, supervisors and senior management of a company which is being controlled in the manner set out in sub-paragraph (4) above.

**Article 202** The fiduciary duties of the directors, supervisors and senior management of the Company do not necessarily cease with the termination of their tenure. The duty of confidentiality in respect of trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as the principle of fairness may require depending the period of time between the termination of office and the act concerned, and the circumstances and the terms under which the relationship between the relevant director, supervisor and senior management on the one hand and the Company on the other hand terminates.

**Article 203** Subject to Article 60 hereof, a director, supervisor or senior management of the Company may be relieved of liability for specific breaches of his duty with the informed consent of the shareholders' general meeting.

**Article 204** Where a director, supervisor or senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement entered or proposed to be entered into by the Company (other than the respective contract of service entered into with the Company), he shall disclose the nature and extent of his interests to the board of directors promptly, whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the board of directors.

If a director or his/her associate (as defined in the applicable rules governing the listing of securities on the stock exchange on which the shares of the Company are listed in effect from time to time) has a material interest in any contract, transaction, arrangement or other relevant proposals that requires the approval of the board of directors, the relevant director may not vote for the relevant matters at the meeting of the board of directors, and may not be counted in the quorum of the meeting.

Unless the interested director, supervisor or senior management discloses his interests to the board of directors in accordance with the preceding subparagraph of this Article and he is not counted as part of the quorum and abstains from voting, the Company has a right to rescind such contract, transaction or arrangement except the party thereto is a bona fide party who does not have notice of the breach of duty by the interested director, supervisor or senior officer.

A director, supervisor or other senior management of the Company shall be deemed to be interested in the contract, transaction or arrangement in which his associate is interested.

**Article 205** Where, before a contract, transaction or arrangement is first taken into consideration by the Company, a director, supervisor or senior management of the Company gives to the board of directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in the contract, transaction or arrangement which may subsequently be made by the Company, the director, supervisor or senior management, to the extent of such notice, is deemed to have made the disclosure required under Article 204.

**Article 206** The Company may not pay taxes for or on behalf of any director, supervisor or senior management in any manner.

**Article 207** The Company may not directly or indirectly provide any loan or guarantee for loan to directors, supervisors or senior management of the Company or of its parent company or any of their respective associates.

The foregoing prohibition shall not apply to the following circumstances:

- (1) The provision by the Company of a loan to its subsidiary or a guarantee in connection with a loan provided to its subsidiary;
- (2) The provision by the Company of a loan to or a guarantee in connection with a loan provided to, or any other funds available to, any of its directors, supervisors and senior management for payment of the expenditure incurred or to be incurred by him for the purposes of the Company or for his performance of duties, in accordance with the terms of a service contract approved by the shareholders' general meeting;
- (3) If the ordinary course of business of the Company includes the lending of money or the provision of guarantees, the Company may make a loan to or provide a guarantee in connection with a loan provided to any of the relevant directors, supervisors and other senior management or their respective associates provided that it is made on normal commercial terms.

**Article 208** Any person who receives funds from a loan which has been made by the Company in breach of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds.

**Article 209** A guarantee for loan provided by the Company in breach of sub-paragraph (1) of Article 207 shall not be enforceable against the Company, save in respect of the following circumstances:

- (1) when making a loan to an associate of any of the directors, supervisors, general managers and other senior management of the Company or of its parent company, the lender of such funds was not informed of the relevant circumstances; or
- (2) The collateral which has been provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

**Article 210** For the purposes of the foregoing provisions of this chapter, a "guarantee" includes an undertaking or property provided to secure the obligor's performance of his obligations.

**Article 211** In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor or senior management of the Company breaches the duties which he owes to the Company, the Company has a right:

- (1) To demand such director, supervisor or senior management to compensate for losses suffered by the Company as a result of such breach;
- (2) To rescind any contract or transaction which has been entered into between the Company and such director, supervisor or senior management or between the Company and a third party (where such third party knows or should have known that such director, supervisor or senior management representing the Company has breached his duties owed to the Company);
- (3) To demand such director, supervisor, or senior management to surrender the profits made as result of the breach of his duties;

- (4) To recover from such director, supervisor or senior management any monies which should have been received by the Company, including (without limitation) commissions;
- (5) To demand such director, supervisor or senior management to repay the interest earned or which may have been earned on monies that should have been paid to the Company.

**Article 212** The Company shall, with the prior approval of shareholders' general meeting, enter into contracts in writing with the directors and supervisors in respect of their emoluments. Such emoluments include:

- (1) Emoluments in respect of their services as directors, supervisors or senior management of the Company;
- (2) Emoluments in respect of their services as directors, supervisors or senior management 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 and any of its subsidiaries;
- (4) Payment by way of compensation for loss of office, or as consideration for or in connection with his retirement from office.

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

**Article 213** The contract concerning the emoluments entered into between the Company and its directors or supervisors shall provide that in the event that the Company is acquired, the directors and supervisors shall, subject to prior approval of shareholders' general meeting, be entitled to receive compensation or other payment in respect of his loss of office or retirement. For the purposes of this paragraph, the acquisition of the Company includes any of the following:

- (1) An offer made by any person to all shareholders;
- (2) An offer made by any person for the purpose of turning the offeror to be a "controlling shareholder" which shall have the same meaning as defined in Article 61 hereof.

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 on acceptance of such offer. The expenses incurred in distributing such sum on a pro rata basis amongst such persons shall be borne by the relevant director or supervisor and shall not be paid out of such sum.

**CHAPTER 9 FINANCIAL AND ACCOUNTING SYSTEMS,  
PROFIT DISTRIBUTION AND AUDIT**

**Section 1 Financial and Accounting Systems**

**Article 214** The Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

At the end of each accounting year, the Company shall prepare a financial report which shall be examined and verified as provided by law.

**Article 215** The Company shall submit its annual financial reports within 120 days from the end of each accounting year to CSRC and local and overseas stock exchanges, and its interim financial reports within 60 days after the end of the first six months of each accounting year, and quarterly financial reports within one month after the end of the first three months and first nine months of each accounting year respectively to the local office of CSRC and local and overseas stock exchanges.

The financial reports shall be prepared in accordance with the relevant laws, administrative requirements and departmental regulations.

**Article 216** The board of directors of the Company shall place before the shareholders at each annual general meeting the financial reports as required by the relevant laws, administrative regulations and directives promulgated by local government or the competent authorities.

**Article 217** The financial reports of the Company shall be made available for inspection by shareholders at the Company 20 days before the date of the annual general meeting. Each shareholder of the Company shall be entitled to obtain a copy of the financial reports referred to in this chapter.

The Company shall deliver or send to each shareholder of overseas-listed foreign shares by prepaid post at the address registered in the register of shareholders or other means as provided by these Articles (if necessary) the directors' report accompanied by the abovementioned financial reports not less than 21 days before the date of annual general meeting.

**Article 218** The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and laws and regulations and international accounting standards or the accounting standards of the place outside the PRC where the shares of the Company are listed. Any material discrepancy between the financial statements prepared in accordance with two different accounting standards shall be explained in the financial statements. Distribution of after-tax profits shall be based on the lower amount of the after-tax profits shown in the financial statements.

**Article 219** Interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and laws and regulations and international accounting standards or the accounting standards of the place outside the PRC and relevant requirements of the securities regulatory authorities of where the shares of the Company are listed.

**Article 220** The Company shall not keep accounts other than those required by law. The assets of the Company shall not be kept under the name of any individual.

**Article 221** Capital reserves shall include:

- (1) premium on shares issued at a premium price over par value;
- (2) any other income required to be allocated to the capital reserve by the finance regulatory department of the State Council.

**Article 222** The Company shall contribute 10% of its after-tax profits to a statutory surplus reserve before the distribution of after-tax profits. No further contribution is required if the accumulated amount of the statutory surplus reserve of the Company is more than 50% of the registered capital of the Company.

Profits of the year shall be used to recover the loss of previous years before making contribution to the statutory surplus reserve according to the preceding paragraph if the statutory surplus reserve is not sufficient to recover the loss.

After making contributions to the statutory surplus reserve out of its after-tax profit, the Company may make contribution to the discretionary surplus reserve out of the after-tax profits subject to approval by shareholders at general meeting.

The remaining after-tax profits after making good of accumulated losses and contribution to reserves may be distributed to shareholders on a pro-rata basis, unless otherwise specified in these Articles.

In the case that profits are distributed to shareholders before it is applied to recover the accumulated losses and made contributions to the statutory surplus reserve of the Company in breach of the previous paragraph, the shareholders shall return such wrongly distributed profits to the Company.

Shares held by the Company shall not be entitled to participate in any profit distribution.

**Article 223** The reserves of the Company shall be applied to make up for accumulated losses, to expand the production and operation of the Company or to increase the capital of the Company, provided that the capital reserve shall not be applied to make up losses of the Company.

In the event of capitalization of the statutory surplus reserve, its balance thereafter shall not be less than 25% of the registered capital of the Company before the capitalization of the reserve.

**Article 224** The board of directors shall complete the distribution of dividends (or shares) within two months after the resolution regarding profit distribution is passed at the general meeting.

**Article 225** Cash dividends and other payments payable by the Company to holders of domestic shares shall be paid in RMB. Cash dividends and other payments payable by the Company to holders of H shares shall be declared in RMB and paid in HK dollars. Foreign currency required by the Company for payment of cash dividends and other distribution to holders of H shares shall be obtained in accordance with the relevant regulations on foreign exchange of the PRC.

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

The power to forfeit unclaimed dividends shall not be exercised until the expiry of a specified period.

**Article 226** When distributing dividends to shareholders, the Company shall withhold and pay on behalf of the shareholders the taxes payable on the dividends in accordance with the provisions of the PRC tax law.

**Article 227** The Company shall appoint receiving agents for holders of overseas-listed foreign shares, who shall receive dividends declared by the Company and all other payments payable to holders of overseas-listed foreign shares on behalf of such holders.

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

The receiving agents appointed for holders of overseas-listed foreign Shares listed in Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

The Company shall have the right to cease sending dividend warrants to holders of overseas-listed foreign shares by post, but such right shall not be exercised until after the dividend warrants have not been cashed on two consecutive occasions. However, after the first occasion on which such dividend warrant is returned undelivered, the Company may also exercise such right.

The Company has the right to dispose of the shares of shareholders of overseas listed foreign shares who is untraceable in a manner as its board of directors deems appropriate, but subject to the following conditions:

- (1) at least three dividends in respect of such shares have become payable during a 12-year period and no dividends has been claimed by anyone during such period; and
- (2) on expiry of the 12-year period, the Company publishes an announcement on one or more newspapers in the place where the Company is listed, stating its intention to dispose of the shares, and notifies the stock exchange on which such shares are listed.

**Article 228** Profit distribution policy of the Company:

- (1) Profit distribution of the Company shall provide reasonable investment return to investors while safeguarding the legal interest of investors as a whole and maintaining the sustainability of the Company. The profit distribution policy of the Company shall be sustainable and stable.
- (2) Dividends can be paid by way of cash, shares or a combination of cash and shares where priority shall be given to distribution of profits in cash. The Company may make interim and annual profit distribution. The Company shall make cash distribution if the profit for the current year and accumulative retained profit are positive and it has no major investment plan or significant cash expenditure. The total profit distributed in cash in the past three years shall not be less than 30% of the average annual distributable profit of the past three years. According to the profit and liquidity of the Company, the Company may distribute dividend in shares, provided that a minimum cash dividend has been made and that the capital size and structure shall not be adversely affected.
- (3) The Board shall distinguish the following circumstances taking into account its industry features, development stages, business model and profitability as well as whether it has any significant capital expenditure arrangement, and put forward differentiated cash dividend policy in accordance with the procedures set out in the Articles of Association:
  1. Where the Company is in a developed stage with no significant capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution when distributing its profits;



2. Where the Company is in a developed stage with significant capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution when distributing its profits;
3. Where the Company is in a developing stage with significant capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 20% of the total profit distribution when distributing its profits.

If it is difficult to distinguish the Company's stage of development but if it has significant capital expenditure arrangement, the profit distribution may be dealt with pursuant to the preceding provisions.

- (4) The profit distribution of the Company shall be proposed by the board of directors in accordance with these articles and the operating condition of the Company. The board of directors shall carefully consider the views of independent directors and supervisors when determining the profit distribution proposal. The profit distribution proposal shall provide continuous, stable and reasonable return to all shareholders. The independent directors shall give their independent views on the profit distribution proposal at board meeting before it is put for approval at general meeting. When specific proposals for distributing cash dividends are considered at the general meeting, different channels including but not limited to mail, fax, telephone and inviting the medium and minority shareholders to attend the meeting should be used to communicate and interact with shareholders, in particular, the medium and minority shareholders, and their opinions and requests should be fully heard, and their concern addressed in a timely manner.
- (5) If the Company does not propose the cash distribution of profits for the year, it shall explain the reasons and the proposed applications of the funds in annual report. The independent directors shall give their independent views on the proposed applications of the profits at board meeting before such proposal is submitted to the general meeting for approval.
- (6) The Company shall strictly implement the cash dividends policy set forth in the Articles of Association and the specific proposals for distributing cash dividends as considered and approved at the shareholders' general meeting. If the production and operation of the Company is seriously affected by war, natural disasters and other force majeure or the operation of the Company has significant changes, the Company may change its profit distribution policy. The independent views of independent directors shall be sought before the proposed changes in the profit distribution policy are submitted by the Board to the general meeting for consideration. The proposed changes shall be passed by no less than two-thirds of the voting rights held by the shareholders present at the general meeting.
- (7) Upon occurrence of any illegal appropriation of the Company's funds by shareholders, the Company shall deduct the cash dividend payable to such shareholders to make up for the funds appropriated by such shareholders.
- (8) The Company shall strictly comply with the relevant requirements to disclose details of the formulation, execution and other conditions of the Cash Dividend Policy in regular reports.

## **Section 2 Internal Audits**

**Article 229** The Company shall adopt an internal audit system with shall have full time auditors to supervise the internal audits of incomes and expenses as well as the business activities of the Company. The internal audit system of the Company shall comply with the relevant regulations such as the Basic Standard for Enterprise Internal Control (企業內部控制基本規範).

**Article 230** The internal audit system of the Company and the duties of auditors shall come into effect upon approval of the board of directors. The person in charge of audits shall be accountable and report to the board of directors.

### **Section 3 Appointment of Accounting Firm**

**Article 231** The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of PRC to audit the accounting statements and verify the net assets of the Company and to provide other relevant consultation services. The accounting firm shall be engaged with a term of one year, which is renewable upon reappointment.

**Article 232** The first accounting firm of the Company may be appointed at the inaugural meeting before the first annual general meeting of the Company. Accounting firm so appointed shall hold office until the conclusion of the first annual general meeting.

If the inaugural meeting does not exercise the powers according to the preceding paragraph, those powers shall be exercised by the board of directors.

**Article 233** The accounting firm appointed by the Company shall hold office from the conclusion of current annual general meeting until the conclusion of the next annual general meeting.

**Article 234** The appointment, removal or non-reappointment of an accounting firm by the Company shall be decided by a resolution of the general meeting. Such resolution shall be filed with the securities regulatory authority of the State Council.

If a resolution is proposed at a general meeting for approving the appointment of another accounting firm to fill a vacancy, or the reappointment of a retiring accounting firm that was appointed by the board of directors to fill a vacancy, or the dismissal of an accounting firm before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the appointment or removal proposal shall be sent to the accounting firm which is proposed to be appointed or dismissed or which has left its post in the relevant accounting year before the notice of the general meeting is given to the shareholders. The leaving of an accounting firm includes the removal, resignation or retirement of such firm.
- (2) If the retiring accounting firm makes representations in writing and requests the Company to give the shareholders notice of such representations, the Company shall (unless the representations have been received after the prescribed time) take the following measures:
  - (i) on any notice of the resolution given to shareholders, state the fact that the retiring accounting firm has made such representations;
  - (ii) attach a copy of the representations to the notice and deliver it to the shareholders in the manner as stipulated in these Articles.
- (3) If the Company fails to send out the representations of the accounting firm in the manner set out in sub-paragraph (2) above, such accounting firm may require that the representations be read out at the meeting and may make a further appeal.

- (4) The retiring accounting firm shall be entitled to attend the following meetings:
- (i) the general meeting at which its term of office expires;
  - (ii) the general meeting at which it is proposed to fill the vacancy caused by its removal; and
  - (iii) the general meeting which is convened as a result of its resignation.

The retiring accounting firm shall be entitled to receive all notices of, and other communications relating to, any such meeting, and to speak at any such meeting which concerns it as a former accounting firm of the Company.

**Article 235** 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 at any time, and to require the directors, general manager and other senior management of the Company to provide relevant information and explanations;
- (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 it to discharge its duties;
- (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 speak at any general meeting in relation to matters concerning its role as the accounting firm of the Company.

**Article 236** The Company shall ensure that the accounting documents, books of accounts, financial reports and other accounting information provided to the accounting firm appointed is true and complete without any omission, concealment or false statement.

**Article 237** The remuneration of the accounting firm or the manner in which such firm is to be remunerated shall be determined at the general meeting. The remuneration of the accounting firm appointed by the board of directors shall be determined by the board of directors.

**Article 238** If there is a vacancy in the position of accounting firm of the Company, the board of directors may appoint an accounting firm to fill such vacancy before convening of the general meeting. During the period that the vacancy remains, if there is other existing accounting firm appointed by the Company, such accounting firms may continue to act during the period of vacancy.

**Article 239** The general meeting may by ordinary resolution remove the accounting firm of the Company before the expiration of its term of office, irrespective of the terms and conditions of the contract entered into between the Company and the accounting firm but without prejudice to the accounting firm's right to claim for damages which arise from its removal.

**Article 240** Prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. Such accounting firm shall be entitled to make representations at the relevant general meeting. If an accounting firm resigns from its position, it shall make representations at the general meeting whether there has been any impropriety on the part of the Company.

An accounting firm may resign its office by depositing a resignation notice at the registered office of the Company.

Such notice shall become effective on the date of such deposit or on such later date as may be set out in such notice. Such notice shall contain the following statements:

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

The Company shall send a copy of the notice referred to in the preceding paragraph to the relevant governing authority within 14 days after receipt. If the notice contains a statement as mentioned in the preceding sub-paragraph (2), a copy of such statement shall be placed at the Company for the inspection by the shareholders. The Company shall also send a copy of such statement by prepaid mail or other ways stipulated in these Articles (where necessary) to all shareholders of overseas-listed foreign shares. If the copy is sent by prepaid mail, it shall be sent to the address registered in the register of shareholders.

If the notice of resignation of accounting firm contains a statement in respect of any circumstances requiring an explanation, it may require the board of directors to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances in connection with its resignation.

## **CHAPTER 10 NOTICES AND ANNOUNCEMENTS**

### **Section 1 Notices**

**Article 241** Notices of the Company may be delivered by the following means:

- (1) by hand;
- (2) by mail;
- (3) by way of an announcement; or
- (4) by other means required by the laws and regulations and listing rules or permitted by the relevant regulatory authorities in the place where the Company is listed, or stipulated in these Articles.

According to the Hong Kong Listing Rules, subject to the laws and regulations and listing rules of the place where the Company is listed as well as these Articles, corporate communications may be provided or sent to holders of H shares by posting on the websites designated by the Company and/or the websites of the Hong Kong Stock Exchange or by other electronic means.

Corporate communications referred to in the preceding paragraph means any document issued or to be issued by the Company for the information or action of the holders of H shares, including but not limited to: (1) report of the board of directors, annual financial statements, auditors' report and financial summary of the Company (if applicable); (2) interim report and summary of interim report of the Company (if applicable); (3) notices of meetings; (4) listing documents; (5) circulars; (6) proxy forms (as defined in the listing rules of the stock exchange where the shares of the Company are listed).

**Article 242** Notices to be given by the Company to holders of domestic shares shall be published in one or more newspapers specified by the PRC securities regulatory authority. Once published, all holders of domestic shares shall be deemed to have received such notice.

**Article 243** Save as otherwise provided for in these Articles, notices, information or written statements to be given by the Company to holders of overseas-listed foreign shares shall be delivered or sent by post to the registered address of each such holder of overseas-listed foreign shares.

Where a notice is given by way of announcement under authorisation conferred by these Articles, such announcement shall be published in newspapers or on websites.

With regard to joint shareholders, the Company is only required to deliver or send any notice, information or other documents to one of such joint shareholders.

**Article 244** A shareholder who has not provided any registered address to the Company or is not reachable because of incorrect address shall be deemed to have received the notice after such notice have been displayed at the legal address of the Company and remained there for a period of 24 hours.

**Article 245** Any notice for convening a shareholders' general meeting of the Company shall be given by way of an announcement or other way as specified in these Articles (if necessary).

**Article 246** Any notice for convening a meeting of the board of directors of the Company shall be given by mail, by hand or by fax.

**Article 247** Any notice for convening a meeting of the supervisory committee of the Company shall be given by mail, by hand or by fax.

**Article 248** For any notice delivered by hand, the addressee shall sign or seal with chop on the receipt slip and the date of delivery shall be the date of the confirmation of receipt by such addressee. For any notice delivered by mail, the date of delivery shall be the fifth working day upon the delivery to the post office. For any notice delivered by announcement, the date of delivery shall be the first day on which such announcement is published.

## **Section 2 Announcements**

**Article 249** The Company shall issue announcement and disclose information to holders of domestic shares through newspapers and websites designated by the laws, regulations or the securities authorities of China for information disclosure.

If it is required to make public announcements to the holders of overseas-listed foreign shares pursuant to the Articles of Association, the announcement shall also be published in such manner as required by the Hong Kong Listing Rules.

The Company may not disclose information through public media before such information is disclosed through designated newspapers and websites and may not disclose information by way of press release or interview with reporters in lieu of announcement.

The board of directors may change the newspapers for information disclosure. The Company shall ensure that the designated newspapers for information disclosure are allowed by the relevant laws and regulations and comply with the qualifications and conditions stipulated by CSRC, regulatory authorities in China and overseas securities exchange.

## **CHAPTER 11 MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION**

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

**Article 250** The merger or division of the Company shall be proposed by the board of directors for approval in accordance with the procedures set out in the Articles of Association. Approval for merger or division shall be sought in accordance with the relevant legal requirements. A shareholder who disagrees with the proposed merger or division shall have the right to demand the Company or the consenting shareholders to acquire his shares at a fair price.

The resolution of merger or division of the Company shall be contained in a special document for inspection by shareholders. Such document shall be sent to holders of overseas-listed foreign shares listed in Hong Kong according to Chapter 10 of these Articles.

**Article 251** Merger of the Company may take place by absorption or by the establishment of a new company. Absorption means a company absorbs another company and the absorbed company will be dissolved. Otherwise, two or more companies will combine together for the establishment of a new company, and the original companies will be dissolved.

**Article 252** The merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days of the date of the merger resolution and shall publish an announcement in newspapers designated by the laws, regulations or the securities authorities of China within thirty days of the date of the merger resolution. The creditors shall, within 30 days after receipt of notice or, if the creditors not receiving such notice, within 45 days of the announcement of any merger, be entitled to demand the Company to repay in full or to provide a guarantee.

**Article 253** Upon merger, the credits and liabilities of each of the merged parties shall be assumed by the surviving party or the newly established company.

**Article 254** Where there is a division of the Company, its assets shall be divided accordingly.

The parties to the division shall execute a division agreement and prepare their respective balance sheet and inventory of assets. The Company shall notify its creditors within ten days of the date of the division resolution and shall publish an announcement in newspapers designated by the laws, regulations or the securities authorities of China at least three times within thirty days of the date of the division resolution.

**Article 255** Unless a written agreement has been entered into by the Company and its creditors in relation to the repayment of debts before division, liabilities of the Company prior to the division shall be jointly assumed by surviving companies after division.

**Article 256** Where the Company needs to reduce its registered capital, it shall prepare balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days from the date of the resolution for reduction of capital and shall publish an announcement in the newspapers designated by the laws, regulations or the securities regulatory authorities of China within 30 days from the date of such resolution. A creditor has the right within 30 days of receipt of the notice or, in the case of a creditor who does not receive such notice, within 45 days of the date of the announcement, to demand the Company to repay its debts or to provide a guarantee for such debt.

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

**Article 257** The Company shall, in accordance with the law, apply for change in its registration with the companies registration authority in the event of any change in any particulars in its registration as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with the law. Where a new company is established, the Company shall apply for registration thereof in accordance with the law.

If the Company increase or reduce its registered capital, the Company shall, in accordance with the law, apply for change of registration with the registration authority.

## **Section 2 Dissolution and Liquidation**

**Article 258** The Company shall be dissolved due to the following reasons:

- (1) the term of operation of the Company specified in these Articles of Association expires or occurrence of any other events of dissolution specified in these Articles occurs;
- (2) a resolution for dissolution is passed at a shareholders' general meeting;
- (3) dissolution is necessary due to a merger or division of the Company;
- (4) the Company is legally declared insolvent due to its failure to repay debts as they become due;
- (5) the business licence of the Company is revoked or the Company is ordered to close down or deregister in accordance with the law;
- (6) where the Company is in serious difficulties in operations and its continual operation will lead to substantial loss to the shareholders and there is no other solutions to resolve the matters, the shareholders who aggregately hold more than 10% of total voting shares of the Company can apply to the People's Court for dissolution of the Company.

**Article 259** In the event that the situation described in sub-paragraph (1) of the preceding Article occurs, the Company may continue its operation through amending these Articles of Association.

Amendments to these Articles of Association pursuant to the preceding paragraph shall be passed by more than two-thirds of the voting rights held by the shareholders present at a general meeting.

**Article 260** A liquidation committee shall be set up within 15 days of the Company being dissolved pursuant to sub-paragraphs (1), (2), (5) and (6) of Article 258. The composition of the liquidation committee of the Company shall be determined by the board of directors or by an ordinary resolution at a shareholders' general meeting. If the Company fails to set up the liquidation committee within the period, the creditors may apply to the People's Court for appointment of relevant persons to form a liquidation committee and carry out liquidation.

Where the Company is dissolved under sub-paragraph (4) of Article 258, the People's Court shall organize the shareholders, the relevant authorities and professional personnel to establish a liquidation committee to carry out the liquidation pursuant to the provisions of relevant laws.



**Article 261** Where the board of directors resolves to liquidate the Company for any reason other than the declaration of its own insolvency, the board of directors shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within twelve months from the commencement of the liquidation.

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

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

**Article 262** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to verify the assets of the Company and prepare a balance sheet and an inventory of assets;
- (2) to notify the creditors or to publish public announcements;
- (3) to handle and liquidate any unfinished businesses of the Company;
- (4) to pay all outstanding taxes and taxes incurred in the process of liquidation;
- (5) to settle claim and debts;
- (6) to deal with the surplus assets remaining after the debts of the Company have been repaid;
- (7) to represent the Company in any civil proceedings.

**Article 263** The liquidation committee shall inform the creditors within ten days of its establishment and an announcement shall be published three times in any newspaper designated by the laws and regulations and the national securities regulatory authorities within 60 days. The creditors shall declare their claims to the liquidation team within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.

Creditors shall provide explanation for the relevant matters and evidence of the claims upon declaration of such claims. The liquidation team shall carry out registration of the creditors' claims.

The liquidation team shall not make any repayment to the creditors during the period of declaration of claims.

**Article 264** After the liquidation committee has cleared the assets of the Company and prepared a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a shareholders' general meeting or to the relevant governing authority for confirmation.

The assets of the Company shall be distributed in accordance with the following sequence:

- (1) liquidation expenses;
- (2) remuneration, social security and statutory compensation due and payable to employees of the Company;
- (3) outstanding taxes and additional taxes and funds payable;
- (4) bank loans, bonds and other debts.

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

During the liquidation, the Company remains subsisting but may not commence any business activities not related to the liquidation. The assets of the Company shall not be distributed to shareholders before repayments have been made pursuant to the preceding paragraph.

**Article 265** If after verifying the assets of the Company and preparing a balance sheet and an inventory of assets, the liquidation committee finds that the assets of the Company are insufficient to repay the debts of the Company in full, it shall immediately apply to the People's Court for a declaration of insolvency.

After the Company is declared insolvent by the People's Court, the liquidation of the Company shall be taken up by the People's Court.

**Article 266** After completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses and a financial report in respect of the liquidation period, which shall be audited by a Chinese registered accountant and submitted to the shareholders' general meeting or the relevant governing authority for confirmation.

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

**Article 267** The members of the liquidation committee shall perform their duties with due diligence and in accordance with the laws. They shall not exploit their position to accept bribes or other illegal income or expropriate the property of the Company in any way. The members of the liquidation committee shall be liable to compensate the Company or creditors any loss caused intentionally or by material default.

**Article 268** In the event that the Company is legally declared insolvent, insolvent liquidation shall be carried out pursuant to the relevant regulations on enterprise insolvency.

## CHAPTER 12 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

**Article 269** Amendments shall be made to these Articles by the Company in any of the following circumstances:

- (1) where after any change in the Company Law or the relevant law and administrative regulations, there is conflict between the provisions under these Articles and those under the revised versions of the Company Law, the relevant laws and administrative regulations;
- (2) where there is any change to the Company which is different from the statements as set out in these Articles;
- (3) upon resolution of a general meeting to make any amendment to these Article.

**Article 270** The amendments to these Articles as adopted by resolution of the general meeting shall be approved by from the relevant authorities. Where amendments of these Articles of Association involve registration matters of the Company, procedures for alteration of registration shall be dealt with in accordance with the law.

**Article 271** The board of directors shall amend the Articles of Association in accordance with the resolution to amend these Articles passed at the general meeting and the review opinions from the relevant authorities.

Amendment to these Articles of Association which involve the contents of the Mandatory Provisions shall become effective upon receipt of approvals from China Securities Regulatory Commission.

**Article 272** Where amendments to these Articles constitute the discloseable information under the laws and regulations, the Company shall disclose the amendments in accordance with provisions.

## CHAPTER 13 DISPUTE RESOLUTION

**Article 273** The Company shall abide by the following principles for dispute resolution:

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

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim shall agree with the arbitration if such person is the Company, the shareholders, directors, supervisors or senior management of the Company.

Disputes in respect of the identification of shareholders and disputes in relation to the register of shareholders need not be resolved by arbitration.

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

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

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

**Article 274** For disputes not involving those specified in Article 273, the parties may choose to settle these by litigation or arbitration.

#### CHAPTER 14 MISCELLANEOUS

**Article 275** The board of the directors may formulate by-laws in accordance with these Articles, provided that such by-laws shall not be in violation of the Articles of Association.

**Article 276** These Articles are prepared in Chinese. In case of any inconsistency between these Articles and the articles of association in any other language or of different version, the latest Chinese version of these Articles approved by and registered with the Administration Bureau of Industry and Commerce of Hunan shall prevail.

**Article 277** The expressions of “more than”, “within” and “below” used in these Articles shall include the original number, while the expressions of “not exceeding”, “beyond”, “less than”, “over” and “exceeding” shall not include the original number.

**Article 278** The interpretation of these Articles shall be vested to the board of directors of the Company.

**Article 279** The rules of procedures for the shareholders’ general meetings, board meetings and meetings of supervisory committee are enclosed with these Articles as appendices.