



重慶長安民生物流股份有限公司

**Changan Minsheng APLL Logistics Co., Ltd.\***

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

**(Stock Code: 01292)**

## **Articles of Association**

**(As amended and approved by 2017 Annual General Meeting held on 29 June 2018 and  
filed at Chongqing Municipal Commission of Commerce on 30 July 2018)**

*\* For identification purpose only*

# Contents

<b>Chapter 1</b>	<b>General Provisions</b>
<b>Chapter 2</b>	<b>Business Objectives and Scope of Business</b>
<b>Chapter 3</b>	<b>Shares and Registered Capital</b>
<b>Chapter 4</b>	<b>Capital Reduction and Repurchase of Shares</b>
<b>Chapter 5</b>	<b>Financial Assistance for the Purchase of the Company's Shares</b>
<b>Chapter 6</b>	<b>Share Certificates and Register of Shareholders</b>
<b>Chapter 7</b>	<b>Rights and Obligations of Shareholders</b>
<b>Chapter 8</b>	<b>Shareholders' Meeting</b>
<b>Chapter 9</b>	<b>Special Procedures for the Voting by Class Shareholders</b>
<b>Chapter 10</b>	<b>Party Committee</b>
<b>Chapter 11</b>	<b>Board of Directors</b>
<b>Chapter 12</b>	<b>Secretary to the Board of Directors</b>
<b>Chapter 13</b>	<b>General Manager</b>
<b>Chapter 14</b>	<b>Board of Supervisors</b>
<b>Chapter 15</b>	<b>Qualifications and Obligations of Directors, Supervisors, General Manager and Other Senior Management</b>
<b>Chapter 16</b>	<b>Financial Accounting System and Profit Distribution</b>
<b>Chapter 17</b>	<b>Appointment of Accounting Firm</b>
<b>Chapter 18</b>	<b>Labor Management and Labor Union</b>
<b>Chapter 19</b>	<b>Merger and Division of the Company</b>
<b>Chapter 20</b>	<b>Dissolution and Liquidation</b>
<b>Chapter 21</b>	<b>Procedures for Amending the Articles of Association of the Company</b>
<b>Chapter 22</b>	<b>Notifications</b>
<b>Chapter 23</b>	<b>Dispute Resolutions</b>
<b>Chapter 24</b>	<b>Supplementary Provisions</b>

## Chapter 1 General Provisions

Article 1 Changan Minsheng APLL Logistics Co., Ltd. (hereinafter referred to as the "Company") is a foreign-invested joint stock limited company incorporated in the People's Republic of China (hereinafter referred to as "China") as per the *Company Law of the People's Republic of China* (hereinafter referred to as "*Company Law*") and other relevant laws and regulations.

The Company was incorporated and converted from Changan Minsheng Logistics Co., Ltd., a sino-foreign joint venture, in accordance with the approval of Shang Zi Pi No. [2004] 1523 issued by Ministry of Commerce of the People's Republic of China on Oct. 14, 2004. The original shareholders are the promoters of the Company. The Company registered at and was granted with the business license of Qi Gu Yu Zong No. 008118 by Chongqing Municipal Administration for Industry and Commerce on Dec. 31, 2004.

The promoters of the Company when it was established were:

(1) Chongqing Changan Industry Company (Group) Limited  
Registered Address: No. 599 Konggang Road, Yubei District, Chongqing, China  
Legal Representative: Ma Zuoting

(2) APL Logistics Ltd  
Registered Address: 456 Alexandra Road, #06-00 NOL Building, Singapore  
Legal Representative: James H McAdam

(3) Minsheng Industrial (Group) Co., Ltd.  
Registered Address: #83 Xinhua Road, Yuzhong District, Chongqing, China  
Legal Representative: Lu Guoji

(4) Ming Sung Industrial Co., (HK) Limited  
Registered Address: F/16, 144-151 Singga Commercial Centre, Connaught Road West, Hong Kong  
Legal Representative: Lu Guoji

(5) Changan Industrial Company Limited  
Registered Address: 260 Jianxin East Road, Jiangbei District, Chongqing, China  
Legal Representative: Zhou Zhengli

Article 2 The Company name in Chinese: 重庆长安民生物流股份有限公司  
The Company name in English: Changan Minsheng APLL Logistics Co., Ltd.

Article 3 Address: No. 1881, Jinkai Road, Yubei District, Chongqing, China  
Post Code: 401122  
Tel: (86 23) 8918 2222  
Fax: (86 23) 8918 2221

Article 4 The Legal Representative of the Company is the Chairman of the Board of Directors.

Article 5 The Company is a perpetually existing limited liability company.

Article 6 The Articles of Association of the Company was passed as an extraordinary resolution at the Shareholders' Meeting on Feb. 22, 2005 and went into effect upon the registration for amendment at Chongqing Municipal Administration for Industry and Commerce after the Company first issued 55,000,000 overseas listed foreign shares (including 5,000,000 existing shares sold by the shareholders of State-owned shares) ("H Shares") in Hong Kong and was listed on the Growth Enterprise Market (hereinafter referred to as "GEM") of Stock Exchange of Hong Kong Limited (hereinafter referred to as "SEHK").

The Articles of Association of the Company is made in pursuance with the *Company Law*, the *Constitution of the Communist Party of China* (《中國共產黨章程》), the *Prerequisite Clauses of Articles of Association of Companies Seeking a Listing outside China* No. (1994) 21 (hereinafter referred to as the "*Prerequisite Clauses*") issued by State Council Securities Commission and State Commission for Restructuring Economic System on Aug. 27, 1994 and the *Advice on Supplementary Amendments to Articles of Association of Companies listed in Hong Kong* No. [1995] 1 issued by the Overseas Listing Department of China Securities Regulatory Commission and State Commission for Restructuring Economic System on April 3, 1995.

These Articles of Association of the Company shall replace any previous ones once it goes into effect.

The Articles of Association of the Company shall be a legally binding document that regulates the Company's organization and activities, the rights and obligations between the Company and its shareholders as well as among the shareholders once it goes into effect.

Article 7 The Articles of Association of the Company shall be binding on the Company, its shareholders, Directors, Supervisors, General Manager and other senior managements. All persons mentioned above shall have the rights to refer to these Articles of Association for claims regarding affairs related to the Company.

In accordance with these Articles of Association, Shareholders may institute legal proceedings against the Company; the Company may institute legal proceedings against its shareholders; shareholders may institute legal proceedings against other shareholders, Directors, Supervisors, General Manager and other senior managements as per the Articles of Association of the Company.

The legal proceedings referred to in the preceding paragraph shall include legal proceedings instituted in courts or the application to arbitration institutions for arbitration.

Other senior managements mentioned in these Articles of Association refer to Vice General Manager, Chief Financial Officer and Secretary to the Board of Directors.

Article 8 As provided by the Constitution of the Communist Party of China, the Company shall establish an organization of the Communist Party of China (the "Party"), in which the Party organization (the "Party Committee") shall play the core leadership role and core political role, providing direction, managing the overall situation and ensuring implementation. The Company shall establish the working institutions of the Party, which shall be equipped with sufficient staff to deal with the affairs of the Party and be provided with sufficient funds to operate the Party organization.

Article 9 The Company may invest in other companies; however, unless the laws specify otherwise, the Company shall not be the investor liable for the debt of such companies.

Article 10 All the capital of the Company shall be divided into shares of equal value and shareholders' liability shall be limited to their shares in the Company. The Company shall be liable for its debt with all of its assets.

The Company shall have the right of financing or to borrow monies, including but not limited to issuing bonds, mortgaging or pledging all or part of the ownership of or the right to use its assets, and other rights by laws and regulations of China. However, the Company shall not undermine or relinquish the rights of any class shareholders when exercising the foregoing rights.

Article 11 The Company shall be an independent legal entity and shall act in accordance with the laws and regulations of China as well as protect legitimate rights and interests of the shareholders. The Company shall also be governed and protected by the laws and regulations of China.

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

Article 12 The business objectives of Company are: to develop a modern logistics service business and offer high standard and quality services by adopting new concept of logistics and modern logistics mode with advanced information management system and accurate fast distribution network; to develop one-stop-shop logistics service business; to focus on providing international long-distance shipping and national long, mid and short distance transportation for material supply and circulation in the course of production and sales. To exert great efforts to become a modern logistics company that is capable of bringing satisfactory interests to the economy and society as well as rewards to the shareholders by developing sustainably and snatching logistics market shares.

Article 13 Scope of business is subject to items approved by the Company registration authorities.

The Company's scope of business covers: general freight transport; road transport of dangerous goods; road transport of large-sized objects; multimodal transport; cargo transport agent; non-vessel carrier business; storage service (excluding hazardous chemicals and hazardous waste), distribution, packing, sub-packaging; developing logistics software and information service as well as logistics planning, management and consulting service; Internet-based cars and accessories retail; import and export business or agent service; forwarding for imported and exported cargos by sea, air and land including cargo canvass, consignment, booking, storage, transshipment, container FCL and LCL, settling freight, customs clearance, inspection application and insurance and relevant service for short-distance transport and consulting. It also engages in packing, assembling and selling auto raw materials and parts as well as manufacturing, selling, leasing and maintaining packaging for auto parts; maintenance of automobiles and parts and components (operational with relevant administrative license or approval); auto sales; automobile leasing; used automobiles brokerage; machinery equipment leasing. In addition, the Company provides service of containers freight stations, such as cargo storage (excluding dangerous goods), stowage, tally, forwarding, information service, handling, loading and unloading; recycling of renewable resources (excluding articles subject to approval from relevant authorities such as solid waste, dangerous waste and scrapped vehicles); property management; house leasing services.

The Company may alter the scope of business or direction and mode of investment as well as establish branches and offices (either wholly-owned or not) according to overseas and domestic market changes, business demands and the Company's capacity after approved by the Board Meeting or Shareholders' Meeting and relevant authorities.

Despite the first paragraph of this Article on the Company's scope of business, its scope of core business at present ("core business") covers: logistics planning, management, consulting and training service; international and national multimodal transport, storage, distribution of cargos (including carloads); packing and assembling service for parts; developing logistics software and information

service; storage and shipping service. And changes of the foregoing business to be made by the Company need to be approved by an extraordinary resolution at the Shareholders' Meeting first.

### Chapter 3 Shares and Registered Capital

Article 14 The Company shall have ordinary shares at all times. The ordinary shares issued by the Company include domestic shares and foreign shares. The Company may create other classes of shares according to its needs upon approval by the vetting department authorized by the State Council.

Article 15 Shares issued by the Company all have a par value, of RMB 1 Yuan per share.  
RMB refers to the lawful currency of China.

Article 16 The Company may issue shares to both domestic and foreign investors subject to the approval by the securities regulatory authority of the State Council.

Foreign investors referred to in the preceding paragraph shall mean investors from foreign countries, Hong Kong, Macao and Taiwan who subscribe for shares issued by the Company; domestic investors shall mean investors from China except the foregoing regions who subscribe for shares issued by the Company.

Article 17 Domestic shares refer to shares issued by the Company to domestic investors who subscribe in the currency of RMB; foreign shares refer to shares issued by the Company to foreign investors who subscribe in foreign currencies.

Foreign currency referred to in the preceding paragraph shall mean the lawful currencies of other countries or regions, other than RMB, which are recognized by the State's foreign exchange supervisory department and which may be used for payment of shares to the Company.

Domestic listed shares refer to shares listed in mainland China. Overseas listed foreign shares refer to foreign shares listed outside mainland China.

Domestic shares may be listed in securities exchange in mainland China upon approval at the Shareholders' Meeting and by relevant government authorities; overseas listed foreign shares may be listed on the Main Board of SEHK.

One year after the Company became a joint stock limited company from a sino-foreign joint venture and one year after the overseas listed foreign shares of the Company were listed on the GEM of SEHK, as approved at the Shareholders' Meeting and respective meetings of holders of shares of different classes, including holders of overseas listed foreign shares, holders of domestic shares (including holders of non-listed foreign shares), as well as approved by the State Council or its authorized supervising department and SEHK, domestic shares and non-listed foreign shares of the Company may be converted to overseas listed foreign shares.

Article 18 As approved by the department authorized by the State Council, the Company issued 112,064,000 ordinary shares with a par value of RMB 1 Yuan each held by the promoters of the Company upon its registration for establishment. The promoters of the Company and their respective shareholdings are as follow:

Chongqing Changan Industry Company (Group) Limited	holds 43,929,088 shares, representing 39.2% of the total issued share capital;
--	--

APL Logistics Ltd	holds 33,619,200 shares, representing 30% of the total issued share capital;
-------------------	--

Minsheng Industrial (Group) Co., Ltd.	holds 25,774,720 shares, representing 23% of the total issued share capital;
Ming Sung Industrial Co., (HK) Limited	holds 7,844,480 shares, representing 7% of the total issued share capital;
Changan Industrial Company Limited	holds 896,512 shares, representing 0.8% of the total issued share capital.

Article 19 After the Company was registered to be established, approved by the securities regulatory authority of the State Council, a total number of 55,000,000 overseas listed foreign shares (including 5,000,000 existing shares sold by the shareholders of State-owned shares) were issued by the Company in Hong Kong in Feb., 2006. The total number of ordinary shares of the Company in issue is 162,064,000. The shareholders of the Company and their respective shareholdings are as follow:

China Changan Automobile Group Co., Ltd., holds 41,225,600 shares, representing 25.44% of the total issued share capital;

APL Logistics Ltd (Singapore), holds 33,619,200 shares, representing 20.74% of the total issued share capital;

Minsheng Industrial (Group) Company Limited, holds 25,774,720 shares, representing 15.90% of the total issued share capital;

Ming Sung Industrial Co., (HK) Limited, holds 6,444,480 shares, representing 3.98% of the total issued share capital;

Shareholders of the overseas listed foreign shares, in aggregate hold 55,000,000 shares, representing 33.94% of the total issued share capital.

Article 20 Subject to the approval of the plans of the Company to issue overseas listed foreign shares and domestic shares by the securities regulatory authority of the State Council, the Board of Directors of the Company may arrange for a separate issuance of such shares.

The Company may implement the plan of issuing overseas listed foreign shares and domestic shares separately within 15 months since it is approved by securities regulatory authority of the State Council.

Article 21 The Company shall complete issuing overseas listed foreign shares and domestic shares within the number fixed in the plan at one time; if this cannot be achieved due to exceptional circumstances, the Company may issue the same in several attempts upon the approval by securities regulatory authority of the State Council.

Article 22 The registered capital of the Company shall be RMB 162,064,000 Yuan.

Article 23 The Company may increase its capital according to its business operation and development needs. Ways to increase capital are as follows:

- (1) issue new shares to non-specific investors;
- (2) issue new shares to the existing shareholders;
- (3) issue bonus shares to existing shareholders;
- (4) other ways as permitted by the laws and regulations

The Company's increase of capital by way of issuing new shares shall be in accordance with the laws and regulations of China and with the approval according to the procedures as required by these Articles of Association of the Company.

- Article 24 Unless the laws and regulations specify otherwise, the Company's shares can be transferred freely. The Company's shares can be transferred, gifted, inherited and pledged in accordance with the relevant laws and regulations and the Articles of Association of the Company. Shares transfer need to be registered accordingly.
- Article 25 Once the share is transferred, the transferee shall be listed in the Register of Shareholders as the holder of the shares.
- Article 26 The issue and transfer of foreign shares listed on SEHK shall be recorded in the Register of Shareholders specified in Article 43 and kept in Hong Kong.
- Article 27 Any holder of foreign shares listed on SEHK shall transfer their shares by filling in the standard transfer form specified by SEHK. The transfer form shall be signed by both the transferor and the transferee either handwritten or printed.
- Article 28 The Company shall ensure that all its instruments of title of its overseas listed foreign shares shall contain the clauses below and instruct and procure its share registrar to refuse any registration for any holder subscribing, purchasing or transferring any share unless and until such holder presents a signed transfer form and a share certificate sample approved by the Board as well as containing the clauses below:
- (1) the purchaser agrees with the Company and each of its shareholders, and the Company agrees with each shareholder to observe and comply with the *Company Law* and other laws and regulations and the Articles of Association of the Company;
  - (2) the purchaser agrees with the Company, each shareholder, Director, Supervisor and management, and the company acting on its behalf and for each shareholder, Director, Supervisor and management agree to arbitrate all the disputes and claims related to the Articles of Association of the Company, or rights or obligations specified in the Company Law and other laws and regulations pursuant to the Articles of Association of the Company, and that any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct a public hearing in open session and to publish its ruling, which shall be final and binding;
  - (3) the purchaser agrees with the Company and each of its shareholders that its shares may be freely transferable;
  - (4) the purchaser authorizes the Company on behalf of the purchaser to conclude an agreement with the Company's Directors and managements whereby such Directors and managements undertake to observe and fulfill their obligations to shareholders under these Articles of Association and to be responsible for the shareholders.



## Chapter 4 Capital Reduction and Repurchase of Shares

Article 29 The Company may reduce its registered capital according to these Articles of Association of the Company.

Article 30 The Company shall prepare a balance sheet and a list of assets when reducing its registered capital.

The Company shall notify its creditors within 10 days and make a public announcement on a newspaper within 30 days as of the date of the Company's resolution for reduction of register capital. A creditor shall have the right to require the Company to pay off debts or provide an appropriate guarantee to pay off debts within 30 days as of the date of receipt of the notice from the Company or within 45 days as of the date of the public announcement if not receiving the notice.

The registered capital of the Company shall not be lower than the legally required minimum amount after the reduction of capital.

Article 31 The Company may repurchase its shares upon the approval by relevant governing authorities of China and according to the procedures set forth in these Articles of Association under the circumstances below:

- (1) cancellation of shares for the purpose of reducing its capital;
- (2) merging with other companies that hold shares in the Company;
- (3) awarding shares to the employees of the Company;
- (4) shareholders objecting to resolutions of the general meeting of shareholders concerning merger or division of the Company, requiring the Company to buy their shares.

Repurchase of the Company's shares for reasons set out in Clauses (1) to (3) of this Article of these Articles of Association shall be subject to resolution at a general meeting of shareholders. After the Company has repurchased its shares in accordance with Clause (1) of this Article, such shares shall be cancelled within 10 days after repurchase, or shall be transferred or cancelled within 6 months in the circumstances set out in (2) and (4).

Shares repurchased by the Company in accordance with Clause (3) of this Article shall not exceed 5% of the total shares issued by the Company; the repurchase cost shall be covered by the after-tax profit of the Company; and the shares repurchased shall be transferred to employees within 1 year.

The Company shall not accept its own shares as the subject of pledge.

Article 32 As approved by relevant authorities, the Company may repurchase its shares by the following means:

- (1) by making a general offer to all of its shareholders for the repurchase of shares on a pro rata basis;
- (2) by open dealing on a stock exchange;
- (3) by an off-market agreement outside of the stock exchange.

Article 33 If the Company repurchases its shares by concluding an off-market agreement outside of the stock exchange, it shall obtain prior approval at the Shareholders' Meeting pursuant to the Articles of Association of the Company. Upon approval in the same matter at the Shareholders' Meeting, the Company may discharge or amend the said agreement or waive any of its rights thereunder.

The off-market agreement for the repurchase of shares referred to in the preceding paragraph shall include (but not limited to) an agreement to become obliged to repurchase and acquire the right to repurchase shares of the Company.

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

Article 34 As far as the Company's repurchase of its shares is concerned,

(1) If the repurchase is not on the market or by means of bidding, the price shall not exceed a specified price ceiling;

(2) If the repurchase is by means of bidding, proposals for bids shall be presented in the same manner to all shareholders.

Article 35 The Company shall register for the change in registered capital at the original registration authority if it cancels the shares it has repurchased in accordance with Article 31.

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

The Company shall make a public announcement upon its deduction in capital and registration thereof.

Article 36 Unless the Company is undergoing liquidation, it shall repurchase its outstanding shares pursuant to the rules below:

(1) whereas the Company repurchases shares at par value, payment shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose;

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

(i) if the shares being repurchased are issued at par value, payment shall be made from the surplus of its distributable profits;

(ii) if the shares being repurchased were issued at a premium to its par value, payment shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose, provided that the amount paid from the proceeds of such new issue shall not exceed the aggregate amount of the premiums received by the Company on issuance of the shares so repurchased (or credit outstanding to the Company's capital reserve account) (including the premiums on the new issue) at the time of such repurchase.

- (3) The Company shall make payments with its distributable profits for the following expenses:
  - (i) for acquisitions of rights to repurchase its own shares;
  - (ii) for the variation of any contract for the repurchase of its shares;
  - (iii) for release from its obligations under any repurchase contract;
- (4) After the total par value of the shares that are cancelled is deducted from the Company's registered capital, the amount equal to the par value of its shares deducted from its distributable profits shall go to the Company's premium account (or capital reserve account).

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

Article 37 The Company or its subsidiaries shall not offer any financial assistance to anyone who is acquiring or is proposing to acquire shares of the Company by any means at any time. The said purchaser of shares shall include a person who directly or indirectly assumes any obligations incurred for the acquisition of such shares.

The Company and its subsidiaries shall not, by any means at any time, provide any financial assistance to the said purchaser as referred to above for the purpose of limiting or discharging the obligations assumed by that person.

This Article shall not be applicable to the circumstances described in Article 39.

Article 38 The financial assistance described in this Chapter shall include but not limited to the means below:

- (1) gifts;
- (2) guarantees (including the guarantor to undertake the liability or offer assets to secure the obligor's performance of obligations), compensation (not including compensation arising out of the Company's own defaults), or release or waiver of any right;
- (3) provisions of loans or any other agreements where the Company shall fulfill the obligations prior to other parties, or changes in the said loans or parties to agreements, or the assignment of the rights under such loans or agreements;
- (4) any other financial assistance provided by the Company in the event that the Company is insolvent or possesses no net assets, or in the event that its net assets would thereby be reduced to a material extent.

For the purpose of this Chapter, "assuming any obligations" shall include obligations assumed by contract or any arrangement (whether enforceable or unenforceable, and whether made on its own account or with any other persons) or by any other means that result in a change in financial position.

Article 39 The following cases shall be exempted from Article 37 of this Chapter:

- (1) the provision of financial assistance by the Company where the financial assistance is provided in good faith in the best interests of the Company, and the principal purpose of which is not for the acquisition of shares, or the provision of financial assistance being an incidental part to a plan;
- (2) the lawful distribution of the Company's assets in the form of dividends;
- (3) the distribution of dividends in the form of shares;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure effected according to these Articles of Association;
- (5) provision of loans by the Company within its scope of business and in the ordinary course of the business (provided that the net assets of the Company

are not thereby reduced or that, to the extent that the assets are thereby reduced, financial assistance is provided from distributable profits);

- (6) the provision of monetary assistance for contributions to staff and workers' stock plans (provided that the net assets are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided from distributable profits).

## **Chapter 6 Share Certificates and Register of Shareholders**

Article 40 The share certificates of the Company shall be in registered forms.

In addition to the matters required by the *Company Law*, the share certificates of the Company shall also contain other matters required by the stock exchange(s) on which the shares are listed.

Article 41 Share certificates of the Company shall be signed by the Chairman of the Board of Directors. In the event that the stock exchange(s) on which the Company's shares are listed require the signatures of other senior managements of the Company on the share certificates, the share certificates shall also be signed by such senior managements. The share certificates shall be effective upon being affixed or printed with the seal of the Company. The share certificates shall only be sealed with the Company's seal under the authorization of the Board. The signatures of the Chairman of the Board or other senior managements may be printed.

Article 42 The Company shall have a register of shareholders to record the following matters:

- (1) the name (title), address (residence), occupation or nature of business of each shareholder;
- (2) the number and class of the shares of each holder;
- (3) the payment made or payable amount for the shares of each holder;
- (4) the certificate numbers of the shares of each holder;
- (5) the date on which each shareholder is entered in the register as a shareholder of the Company;
- (6) the date on which each shareholder ceases to be a shareholder of the Company.

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

Article 43 The Company may maintain the register of shareholders outside China and appoint an overseas agent to manage the register of shareholders in accordance with the memorandum of understanding or agreement concluded between securities regulatory authority of the State Council and overseas securities regulatory authorities. The original register of shareholders for foreign shares listed in Hong Kong shall be maintained in Hong Kong.

A duplicate copy of the register of shareholders for the holders of overseas-listed foreign shares shall be maintained at the Company's residence. The appointed

overseas agent(s) shall at all times ensure consistency between the original and the duplicate copy of the register of shareholders.

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

Article 44 The Company shall maintain a complete register of shareholders.

The register of shareholders shall include:

- (1) the register of shareholders that is maintained at the Company's residence (other than those share registers described in Clause (2) and Clause (3) below);
- (2) the register of shareholders in respect of the holders of overseas-listed foreign shares that is maintained in the same place as the overseas stock exchange on which the shares are listed;
- (3) the registers of shareholders that are maintained in such other places as the Board of Directors may consider necessary for the purpose of listing the Company's shares.

Article 45 Parts of the register of shareholders shall not overlap. No transfer of shares registered in any part of the register shall, during the continuous period of such registration, be registered in any other part of the register.

Amendments to, or correction to, any part of the register of shareholders, shall be made in accordance with the laws of the jurisdiction where such part of the register is maintained.

Article 46 Fully paid overseas listed foreign shares may be freely transferred pursuant to the Articles of Association. However, unless the transfer complies with the following conditions, the Board of Directors may refuse to process with transfer documents without stating any reasons therefor:

- (1) That transferring and other documents relating to or affecting the title to any registered securities shall be registered and the fee or fees levied pursuant to the Rules Governing the Listing of Securities of SEHK (the "Listing Rules") is/are paid to the Company;
- (2) The transferring documents relate only to the overseas listed foreign shares listed in Hong Kong;
- (3) The stamp duty payable on the transferring documents had been paid;
- (4) The provision of the relevant share certificate(s) and the evidences for having the right to transfer stock be reasonably required by the board of directors;
- (5) If the stock is to be transferred to joint owners, the number of the joint owners shall not exceed four; and
- (6) The stock is free from all lien.

The overseas listed foreign shares shall be transferred in normal or usual way or in other forms of the transferring documents that are acceptable to the board of directors; and such transferring documents can be signed under hand. Or, if the transferor or the transferee is the settlement organization or its agent, such transferring documents can be signed under hand or by machine printed signature.

All the transferring documents shall be filed in the registered address of the Company or other places designated by the board of director from time to time.

- Article 47 Within 30 days from the date of Shareholders' Meeting or 5 days from the record date for the Company's distribution of dividends, no change shall be made in the register of shareholders as a result of transfer of shares .
- Article 48 When the Company calls for a Shareholders' Meeting, distributes its dividends, conducts liquidation or executes any other act requiring identification of shareholders, the Board shall fix the share registration date, at the end of which the shareholders in the register shall be shareholders of the Company.
- Article 49 Any person who objects to the register of shareholders and claims to be entitled to have his name (title) entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for an amendment of the register.
- Article 50 For any person who is a registered shareholder or who claims to be entitled to have his name (title) entered in the register of shareholders in respect of shares in the Company, if his share certificate (hereinafter, "original share certificate") is lost, he may apply to the Company for a replacement share certificate in respect of such shares (hereinafter, the "Relevant Shares"). Unless the Company is certain that the original share certificate is destroyed, it shall not issue any new share certificate to replace the original one.

Applications for a replacement share certificate by shareholders of domestic shares shall be addressed pursuant to Article 150 of the *Company Law*.

Applications for a replacement share certificate by holders of overseas-listed foreign shares shall be addressed pursuant to the laws, the rules of the stock exchange, or other relevant regulations of the jurisdiction in which the original register of shareholders for overseas-listed foreign shares is maintained.

With respect to holders of foreign shares listed in Hong Kong who have lost their share certificates and file an application to the Company for a new share certificate, it shall be handled in compliance with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form along with a notarization or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss. Moreover, the applicant shall declare that no other person shall be entitled to have his name entered into the register of shareholders with respect to the Relevant Shares.
- (2) The Company shall not have received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders with respect to such shares prior to the issue of a replacement share certificate to the applicant.
- (3) In the event that the Company intends to issue a replacement share certificate to an applicant, it shall publish an announcement of such intention at least once every 30 days within a period of 90 days in the newspaper as prescribed by the Board.
- (4) Prior to its publication, the Company shall deliver, to the stock exchange on which its shares are listed, a copy of aforementioned announcement. The Company may publish the announcement upon receipt of confirmation from such stock exchange confirming the announcement has been exhibited on the premises of said stock exchange. Such announcement shall be exhibited on the premises of the stock exchange for a period of 90 days.

In case an application for a replacement share certificate is made without the consent of the 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) Upon expiration of the 90-day period referred to in the Clauses (3) and (4) of this Article, the Company may issue the replacement share certificate to the applicant in the event that the Company has not received any objections from any person with respect to the issuance of a replacement share certificate.
- (6) When the Company issues a replacement share certificate pursuant to the provisions of this Article, it shall cancel the original share certificate and record the cancellation of said original share certificate, along with the issuance of the replacement share certificate in the register of shareholders.
- (7) All expenses relating to the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant, and the Company shall have the right to refuse to take any action until reasonable guarantee is provided by the applicant.
- (8) The newspaper or magazine for publishing the public announcement in Clauses (3) shall include at least one Chinese and one English newspaper or magazine issued in Hong Kong.

Article 51 Where the Company issues a replacement share certificate pursuant to these Articles of Association, as for a bona fide purchaser obtaining the new share certificate referred to above or a shareholder registered as a owner of the relevant shares (in case of a bona fide purchaser), his name (title) shall not be removed from the register of shareholders.

Article 52 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the said person claiming damage proves that the Company has committed a fraud.

## **Chapter 7 Rights and Obligations of Shareholders**

Article 53 The shareholders of the Company refer to the legal holders of shares of the Company, whose names (titles) are registered in the register of shareholders of the Company.

The shareholders shall enjoy rights and assume obligations on the basis of the class and amount of shares held. Shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

Article 54 When over 2 persons are registered as the joint shareholders, they shall be deemed as the joint shareholders of such shares, and shall be subject to the following provisions:

- (1) the Company may not register more than 4 persons as joint shareholders for any share;
- (2) the joint shareholders shall jointly or individually assume the responsibility for amounts of fees payable for relevant shares;
- (3) in the event that any shareholder among the joint shareholders deceases, only the other remaining shareholders of the joint shareholders shall be deemed as the joint owners of the relevant shares. However, the Board has the right to require the presentation of the proper death certificate of the deceased;
- (4) Among the joint shareholders of any shares, only the shareholder that is listed first in the register of shareholders shall be entitled to receive the share

certificate of the relevant shares, to receive notices, and to attend the general meeting of shareholders and enjoy full voting power of the relevant shares. Any notice received by such shareholder shall be deemed as having been served to all fellow joint shareholders.

Article 55 The Company's shareholders of ordinary shares shall enjoy the following rights:

- (1) the right to receive dividends and other distributions proportional to the number of shares held;
- (2) the right to attend Shareholders' Meeting either in person or by proxy and exercise the voting right;
- (3) the right to supervise, advise or inquire the operating activities of the Company;
- (4) the right to transfer, bestow, or pledge the shares held according to laws and regulations and the Articles of Association of the Company;
- (5) the right to be provided with relevant information in accordance with provisions of the Articles of Association, including:
  - (A) to obtain a copy of these Articles of Association, subject to payment of the cost;
  - (B) to inspect and to make duplicate copies, subject to payment at a reasonable charge, of the followings:
    - (i) all parts of the register of shareholders;
    - (ii) personal profiles of the Company's Directors, Supervisors, General Manager and other senior managements including:
      - (a) their present and former names and aliases;
      - (b) their principal addresses (residence);
      - (c) their nationalities;
      - (d) their full-time and all other part-time occupations and duties;
      - (e) their identification documents and the numbers thereof.
    - (iii) report(s) on the Company's share capital;
    - (iv) report(s) showing the aggregate par value, number, maximum and minimum price paid with respect to each class of shares repurchased by the Company since the end of the last financial year, and the aggregate amount incurred by the Company for this purpose;
    - (v) minutes of Shareholders' Meeting;
    - (vi) audited financial report.
- (6) the right to receive distribution of the remaining assets proportional to the number of shares held when the Company dissolves or liquidates;



(7) other rights conferred by the laws and regulations and the Articles of Association of the Company.

The Company shall not otherwise stay or infringe any rights attached to any shares on the sole basis that the holders of such shares with direct or indirect interests in such shares have failed to disclose the said interests to the Company.

Article 56 If any shareholder needs to access the relevant information as set out in the preceding article, the said shareholder shall provide the Company with written documents bearing evidence of the type and number of shares held by the said shareholder, and the Company will provide the said information as required by the said shareholder upon authentication of the said shareholder.

Article 57 The shareholders of ordinary shares shall assume the following obligations:

(1) to observe the Articles of Association of the Company;

(2) to effect payment for the subscription of shares according to the number of shares subscribed and the method of contribution;

(3) to assume other obligations as the laws and regulations and the Articles of Association of the Company require.

Shareholders are not liable to further contribution to the share capital other than such terms as agreed upon by the subscriber of the relevant shares on subscription.

Article 58 Besides the obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder shall not exercise his voting rights with respect to the following matters in a manner that is prejudicial to the interests of the shareholders, collectively or individually:

(1) to relieve a Director or Supervisor from liability to act honestly in the best interests of the Company;

(2) to allow the expropriation by a Director or Supervisor (for his own benefit or for the benefit of other person(s)), in any manner, of the Company's assets, including (but not limited to) any opportunities deemed beneficial to the Company;

(3) to allow the expropriation by a Director or Supervisor (for his own benefit or for the benefit of other person(s)) of the individual rights of other shareholders, including (but not limited to) the rights to distributions and vote (except pursuant to a restructuring proposed to shareholders for approval at a Shareholders' Meeting in accordance with the Articles of Association).

Article 59 The controlling shareholder as described in Article 58 refers to the holder of over 50% of the Company's shares, or less than 50% but whose right to vote may substantially affect the decision made at the Shareholders' Meeting.

## **Chapter 8 Shareholders' Meeting**

Article 60 Shareholders' Meeting shall be the authoritative body of the Company and shall exercise its functions and powers in accordance with the law.

Article 61 Shareholders' Meeting shall possess the following functions and powers:

- (1) to decide on the Company's operational policies and its investment plans;
- (2) to elect and replace Directors and to decide on the matters relating to the remuneration of Directors;
- (3) to elect and replace shareholders' representative Supervisors, and decide on matters relating the remuneration of the relevant Supervisors;
- (4) to examine and approve reports of the Board of Directors;
- (5) to examine and approve reports of the Board of Supervisors;
- (6) to examine and approve the Company's proposed annual preliminary and final financial budgets;
- (7) to examine and approve the Company's profit distribution and loss recovery plans;
- (8) to decide on the increase or reduction of the Company's registered capital;
- (9) to decide on the issuance of debentures by the Company;
- (10) to decide on such matters as merger, division, dissolution and liquidation of the Company;
- (11) to decide on the engagement, dismissal or non-reappointment of the Company's accounting firm;
- (12) to amend the Articles of Association;
- (13) to consider any motions raised by shareholders who hold 3% or more of the voting shares of the Company;
- (14) to decide on any other matters as the laws and regulations and the Article of Association of the Company specify.

Article 62 The Company shall not conclude an agreement to transfer the management of all or important parts of its business to others except Directors, Supervisors, General Manager and other senior managements without prior approval at the Shareholders' Meeting.

Article 63 The Shareholders' Meeting shall include annual general meetings and extraordinary general meetings. Annual general meetings shall be held once every year, and within 6 months of the end of the preceding financial year.

The Board shall convene an extraordinary general meeting within two (2) months under any of the following circumstances:

- (1) when the number of directors is less than that required by the Company Law or is less than two thirds of the numbers required by the Articles of Association;
- (2) when the Company fails to recover the loss amounting to over one third of the share capital;

(3) when shareholder(s), individually or jointly, holding 10% or more of the Company's issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;

(4) when deemed necessary by the Board of Directors or the Board of Supervisors motions to call an extraordinary general meeting;

(5) when the accounting firm the Company appointed calls an extraordinary general meeting pursuant to Article 181 of the Articles of Association of the Company;

(6) when over 2 independent Directors motion to call an extraordinary general meeting.

The Board of Directors shall convene the Shareholders' Meeting. If the Board of Directors is unable or fails to convene the Shareholders' Meeting, the Board of Supervisors shall call and preside over it; if the Board of Supervisors fails to do so, the shareholder(s) independently or jointly holding 10% of the Company's shares for over 90 days may convene and preside over the Shareholders' Meeting.

Article 64 When the Company convenes the Shareholders' Meeting, written notices of the meeting shall be provided in no less 45 days prior to the date of the meeting (but not more than 60 days) to notify all the shareholders registered in the register of shares with respect to the matters to be considered, and the date and the place of the meeting. For the overseas listed foreign shares shareholders, the notice of general meeting, circulars and the relevant documents may, in accordance with laws, administrative regulations, listing rules of the place where the Company's shares are listed, be published on the website of the Company, the website of the Stock Exchange of Hong Kong and other websites designated by the Listing Rules from time to time. A shareholder who intends to attend the meeting shall deliver his written reply concerning his attendance in no less than 20 days before the date of the meeting.

The day when the notification is sent and the meeting is held shall not be counted towards the period of the notification.

The shareholder(s), individually or jointly holding more than 3% of the Company's total shares shall have the right to submit motions to the Board of Directors 10 days before the Shareholders' Meeting; The Board shall inform other shareholders within 2 days as of receiving such motions and present the motion at the Shareholders' Meeting for consideration.

The content of an extraordinary motion shall be under the functions and powers of the Shareholders' Meeting and have a clear subject and specific matters for consideration.

Article 65 Motions not set out in the notice of Shareholders' Meeting shall not be voted on or resolved at the Shareholders' Meeting.

Article 66 The Company shall, based on the written replies received from shareholders, calculate the number of voting shares represented by the shareholders who intend to attend the meeting 20 days prior to the date of the general meeting of shareholders. In the event that the number of voting shares represented by the shareholders who intend to attend the meeting represents one half or more of the Company's total voting shares, the Company may hold the meeting. If otherwise, then the Company shall, within 5 days, notify the shareholders again by public notice of the matters to be considered, and the place and the date for the meeting. The Company may hold the meeting following the publication of such notice.

Article 67 The notification of the Shareholders' Meeting shall:

(1) be in writing: For holders of overseas listed foreign shares, the notice of general meeting, circulars and the relevant documents may, in accordance with laws, administrative regulations, listing rules of the place where the Company's shares are listed, be published on the website of the Company, the website of the SEHK and other websites specified by the Listing Rules from time to time.

(2) specifying time, date and place of the meeting;

(3) set out the date of registration of shareholders who are entitled to attend the meeting;

(4) list the name(s) and telephone number(s) of the contact person(s) for the meeting;

(5) describe matters for consideration at the meeting;

(6) provide such necessary information and explanations for shareholders to make an informed judgment on the matters to be considered. Without limitation to the generality of the foregoing, where a proposal is made with respect to the merger of the Company with another company, the repurchase of shares, the restructuring of share capital, or the restructuring of the Company in any other manner, the terms of the proposed transaction must be provided in detail along with copies of the proposed agreement, if any, and the reason(s) and effect of such proposal must be properly explained.

(7) contain a disclosure of the nature and extent, if any, of the material interests of any Director, Supervisor, the General Manager, or other senior managements in the proposed transaction and the effect of the transaction in their capacity as shareholders to the extent that it is different from the effect on the interests of shareholders of the same class;

(8) contain the full text of any special resolution proposed to be passed at the meeting;

(9) Stating clearly that a shareholder is entitled to attend and vote at the meeting, and to appoint 1 or more proxies to attend and vote on his behalf, and that a proxy need not be a shareholder;

(10) specify the time and place for delivering proxy forms for the relevant meeting.

Article 68 Notice of general meeting of shareholders shall be served on each shareholder (whether or not entitled to vote at the meeting), by personal delivery or prepaid mail to their addresses as shown in the register of shareholders. For the holders of domestic shares, notices of the general meeting may also be issued by way of public announcements. For holders of overseas listed foreign shares, the notice of general meeting, circulars and the relevant documents may, in accordance with laws, administrative regulations, listing rules of the place where the Company's shares are listed, be published on the website of the Company, the website of the Stock Exchange of Hong Kong and other websites specified by the Listing Rules from time to time.

The public announcement as referred to in the preceding paragraph shall be published in 1 or more national newspapers designated by the securities regulatory authority of the State Council within 45 days to 50 days prior to the date of the meeting. Upon publication of such announcements, the holders of domestic shares shall be deemed to have received the notice for the Shareholders' Meeting.

- Article 69 After the notification of the Shareholders' Meeting is sent out, the Board of Directors shall not change the date of the meeting, unless force majeure events or other accidents occur. If the date of the meeting needs to be changed due to force majeure events, the share registration date shall remain the same.
- Article 70 An accidental failure to serve notice of a meeting on, or the non-receipt of such notice by, any person entitled to receive such notice shall not invalidate the meeting or the resolutions passed.
- Article 71 Any shareholder entitled to attend and vote at the Shareholders' Meeting shall be entitled to appoint to entrust one or several persons (whether a shareholder or otherwise) as his proxy/proxies to attend and vote on his behalf. A proxy so appointed shall have:
- (1) the right to speak at the meeting;
  - (2) the voting rights.
- In the event that a shareholder is a Recognized Clearing House or its agent in accordance with the Securities and Futures Ordinance (Cap. 571), it may, as it sees fit, appoint 1 or more persons as its proxy to attend and vote at any general meeting of shareholders or class meeting. However, in the event that more than 1 person is so appointed, the proxy instrument shall specify the number and class of the shares relating to each such proxy. Such proxies may exercise the rights of such Recognized Clearing House on its behalf in the same manner as if it were an individual shareholder of the Company.
- Article 72 The proxy instrument shall be in writing, either to be executed by the appointer or by power of attorney. Should the appointer be a legal entity, then such proxy instrument shall be executed with the company seal or by its Directors or the legal representative. Such instrument shall specify the number of shares represented by the proxy. In the event that more than 1 person is appointed as a proxy by a shareholder, the proxy instrument shall specify the number of shares represented by each proxy.
- Article 73 The proxy instrument shall be maintained at the residence of the Company or at such other locations as specified for that purpose in the notice regarding the convening of the meeting in no less than 24 hours prior to the time of the meeting at which the proxy proposes to vote, or the time appointed for voting. In the event that such instrument is signed by another person authorized by the appointer, the authorization or other authorization instrument shall be notarized, and such notarized authorization or other instrument shall be maintained at the residence of the Company or at such other locations as specified for that purpose in the notice regarding the convening of the meeting at the same time.
- In the event that an appointer is a legal entity, its legal representative or such person as authorized by a resolution of its Board of Directors or other governing body may attend the Company's general meeting in the capacity of a representative.
- Article 74 Any form issued to a shareholder by the Board of Directors for the appointment of a proxy by the shareholder for attendance and voting at a meeting shall enable the shareholder to instruct the proxy to vote for or against each resolution with respect to businesses transacted at the meeting. Such forms shall contain a statement which states that, in the absence of instructions by the shareholder, the proxy may vote in the proxy's own discretion.

- Article 75 A vote provided in according to the instruments in such proxy forms shall be valid, notwithstanding the previous death or loss of capacity of the appointer or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares with respect to which the proxy is given, provided that no notice in writing of such matters shall have been received by the Company prior to the commencement of the meeting at which the proxy is used.
- Article 76 If the shareholder attend the Shareholders' Meeting in person, the shareholder shall show his proof of identity and share certificate; if the shareholder appoint a proxy to attend the meeting, the proxy shall show his proof of identity, proxy form and share certificate; if a legal entity as a shareholder (except the Recognized Clearing House or its agent) appoints a proxy to attend the meeting, the proxy shall show his proof of identity, proxy form issued by the legal entity and share certificate;
- Article 77 There are 2 kinds of resolutions made at the Shareholders' Meeting, ordinary resolutions and special resolutions.
- An ordinary resolution must be approved by votes representing more than one-half of the voting rights of the shareholders (including proxies) present at the meeting.
- A special resolution must be approved by the votes representing more than two-thirds of the voting rights of the shareholders (including proxies) present at the meeting.
- The shareholders (including proxies) present at the meeting shall clearly indicate they are for or against every matter for review, or abstaining from voting.
- Article 78 When voting at the general meeting of shareholders, a shareholder (including proxies) may exercise voting rights according to the number of shares carrying the right to vote. Each share shall have 1 vote. However, the Company has no voting right for the shares it holds.
- When voting, the shareholders (including proxies) shall observe any special right or limitation attached to shares of any class.
- Article 79 Votes of the shareholders' general meeting shall be taken by poll, the Company shall announce the voting results pursuant to the relevant laws and regulations and the regulations of the Listing Rules.
- Article 80 The voting results shall be announced at the site.
- Article 81 At a poll taken at a meeting, a shareholder (including proxy) entitled to 2 or more votes need not cast all his votes in the same manner.
- Article 82 In case of an equality of votes, the chairman of the meeting shall be entitled to have a casting vote.

Article 83 The following matters shall be resolved by ordinary resolutions at the Shareholders' Meeting:

- (1) reports of the Board of Directors and the Board of Supervisors;
- (2) any plans for the distribution of profits and for recovering losses formulated by the Board of Directors;
- (3) removal of the members of the Board of Directors and Supervisors on behalf of shareholders, and decision on their remuneration and methods of payment;
- (4) preliminary and final annual budgets, balance sheets, profit accounts, and other financial statements of the Company;
- (5) other matters other than those required by laws, administrative regulations, or by the Articles of Association to be approved by a special resolution.

Article 84 The following matters shall be resolved by special resolutions at the Shareholders' Meeting:

- (1) the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities;
- (2) the issue of debentures of the Company;
- (3) the division, merger, dissolution and liquidation of the Company;
- (4) the changes to the Company's scope of business;
- (5) the amendments to the Articles of Association;
- (6) the Company's acquisition or disposal of major assets or providing guarantees within 1 year with the transaction amount exceeding 30% of the total assets of the Company;
- (7) other matters that ordinary resolutions have been made at the Shareholders' Meeting indicating that resolutions regarding such matters will substantially impact the Company and such matters need to be passed by special resolutions;
- (8) other matters that shall be passed by special resolutions in accordance with the laws and regulations and the Articles of Association of the Company.

Article 85 When requesting the convening of an extraordinary general meeting or a class meeting, it shall be handled according to the following procedures:

- (1) Shareholder(s), individually or jointly holding an aggregate of 10% or more of the shares carrying the right to vote at the meeting shall sign 1 or more written requests of the same form stating the object of the meeting and requesting that the Board of Directors convene an extraordinary general meeting or a class meeting thereof. The Board of Directors shall convene an extraordinary or a class general meeting responsively after receipt of such request. The aforesaid amount of shareholding is calculated as on the day when the shareholders make the request in writing.
- (2) If the Board of Directors fails to send notification of the meeting within 30 days from the date of the receipt of such request, the Board of Supervisors shall call and preside over the meeting; if the Board of Supervisors fails to do so either, the shareholder(s), individually or jointly holding over 10% or more of voting shares of the Company for more than 90 consecutive days may call the meeting within 4 months of the date of the receipt of such request by the Board of Directors, and the procedures for calling the meeting shall remain as the Board of Directors would call the meeting.

Where shareholders convene a meeting due to the failure by the Board of Directors to duly convene the same, all reasonable expenses so incurred shall be reimbursed by the Company, and any sum so reimbursed shall be set-off against such sums owed by the Company to the defaulting directors.

Article 86 The Company's Chairman of Board of Directors shall preside over the Shareholders' Meeting; if the Chairman fails to do so, the Vice Chairman shall preside over the Shareholders' Meeting; if the Vice President fails to do so either, a Director designated by over half the Directors shall preside over the Shareholders' Meeting. In the event that no chairman of the meeting is so designated, the attending shareholders shall elect 1 of the directors to act as the chairman of the meeting. In the event that, for any reasons, the shareholders fail to elect a chairman, then the shareholder holding the largest number of the voting shares present in person or by proxy shall be the chairman of the meeting.

Article 87 If any Director, Supervisor, General Manager or senior managements is required to present at the Shareholders' Meeting, they shall attend the meeting and accept inquiries from shareholders.

The Directors, Supervisors, General Manager or senior managements shall reply to or provide explanations to the inquiries from shareholders at the Shareholders' Meeting, unless commercial secrets are involved.

Article 88 The chairman of the meeting shall be responsible for determining whether a resolution has been passed, and such decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes thereof.

Article 89 When a connected transaction is considered at a general meeting, the connected shareholders shall not vote, and the voting shares held by them shall not be counted in the total number of shares with voting rights; the announcement of any resolution made at the general meeting shall adequately disclose information relating to voting by non-connected shareholders. If the connected shareholders cannot avoid the voting under special circumstances, the voting may proceed in compliance with the usual procedures upon approval from the relevant authorities, and details of such circumstances shall be adequately disclosed in the announcement of the resolution.

Article 90 If the laws, regulations and Listing Rules of SEHK require any shareholder to waive the right to vote or restrict the shareholder to vote only for or against a certain resolution and the said shareholder violates such rules, the vote by the said shareholder shall not be counted towards the voting results.

In the event that the chairman of the meeting has any doubt as to the voting result of any resolution at Shareholders' Meeting, the chairman shall have the power to have the votes counted. In the event that the chairman of the meeting does not have the votes counted, any shareholder present in person or by proxy, who objects to the result announced by the chairman of the meeting, may immediately following the declaration of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

If the votes are counted at the Shareholders' Meeting, the counting result shall be recorded in the meeting minutes.

Article 91 Resolutions passed at the Shareholders' Meeting shall be recorded in the meeting minutes, the chairman of the meeting and Directors present at the meeting shall sign the meeting minutes, which shall record the following matters:



- (1) the number of the Company's voting shares present at the Shareholders' Meeting, and the percentage as compared to the Company's total number of shares;
- (2) date and place of the Shareholders' Meeting;
- (3) name of the chairman of the meeting, and the agenda of the meeting;
- (4) main points of the speech of each speaker on matters for consideration;
- (5) voting results of each matter for consideration at the meeting;
- (6) opinions and inquiries from shareholders and replies or explanations from the Board of Directors and the Board of Supervisors;
- (7) other matters that shall be recorded in the meeting minutes in accordance with the Articles of Association of the Company and the Shareholders' Meeting.

The Directors present at the Shareholders' Meeting shall sign the meeting minutes.

The meeting minutes, signature record of shareholders present at the meeting and proxy forms shall be kept at the Company's residence.

The above said meeting minutes, signature record and proxy forms shall not be destroyed for 10 years.

- Article 92      Copies of the minutes of the Shareholders' Meeting shall be open for inspection by any shareholder free of charge during the business hours of the Company. In the event that a shareholder requests a copy of such minutes from the Company, the Company shall send the copy to such shareholder within 7 days upon the receipt of reasonable fees thereof.

## **Chapter 9      Special Procedures for the Voting by Class Shareholders**

- Article 93      Shareholders who hold different classes of shares shall be known as class shareholders.

Class shareholders shall be entitled to rights and assume obligations according to the laws, regulations and the Articles of Association of the Company.

- Article 94      Rights conferred on any class of shareholders in the capacity of shareholders ( "class rights" ) may not be varied or abrogated unless approved by a special resolution of shareholders at a general meeting, and by the class shareholders so affected at a separate meeting conducted according to Articles 96 to 100.

- Article 95      The following circumstances shall be deemed as a variation or abrogation of rights of a class shareholder:

- (1) an increase or decrease in the number of shares of such class, or an increase or decrease in the number of shares of another class having voting rights or distribution rights or other privileges equal to or superior to those of the shares of such class;
- (2) the conversion of all or part of the shares of such class into the shares of another class or the conversion or creation of a right of conversion of all or

part of the shares of another class into the shares of such class;

- (3) the removal or reduction of rights to receive accrued dividends or rights to cumulative dividends attached to the shares of such class;
- (4) the reduction or removal of the preferential rights attached to the shares of such class for the receipt of dividends or for the distribution of assets in the event that the Company is liquidated;
- (5) the addition, removal or reduction of the rights of conversion, options rights, voting rights, transfer rights, pre-emptive rights, or rights to acquire securities of the Company attached to the shares of such class;
- (6) the removal or reduction of the rights to receive payment receivable from the Company in the particular currencies attached to the shares of such class;
- (7) the creation of a new class of shares having voting rights or distribution rights or other privileges equal to or superior to those of the shares of such class;
- (8) the restriction of the transfer or ownership of the shares of such class or the imposition of stricter restrictions thereof;
- (9) the issue of any rights to subscribe for, or to convert into, shares in the Company of the same class or another class;
- (10) the enhancement of rights or privileges of the shares of other classes;
- (11) the restructuring of the Company pursuant to which shareholders of different classes assume disproportionate liability;
- (12) the revision or abrogation of the provisions of this Chapter.

Article 96 The class shareholders so affected, whether or not otherwise entitled to vote at a general meeting of shareholders, shall nevertheless be entitled to vote at any class meetings with respect to matters set forth in Clauses (2) to (8), (11) to (12) of the preceding Article, but interested shareholder(s) shall not be entitled to vote in class meetings.

“(An) interested shareholder(s)” as used in the preceding paragraph, shall mean:

- (1) in the case of a repurchase of shares by offers to all shareholders of the Company or by open dealing on a stock exchange pursuant to Article 32 of these Articles of Association, a “controlling shareholder” as defined in Article 59;
- (2) in the case of a repurchase of shares by an off-market agreement pursuant to Articles 32 of these Articles of Association, a holder of the shares to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, an "interested shareholder" would mean a shareholder who assumes less liability than any shareholders of the same class or who has an interest in the proposed restructuring different from the interests of shareholders of the same class.

Article 97 A resolution in a class meeting shall be passed by votes representing two-thirds or more of the voting rights of shareholders of that class in the relevant meeting who are entitled to vote at the class meetings according to Article 96.

Article 98 A written notice of a class meeting shall be given 45 days prior to the date of the class meeting to notify all of the registered shareholders of such class of the matters to be considered, the date and the place of the class meeting. For holders

of overseas listed foreign shares, the notice of class meeting, circulars and the relevant documents may, in accordance with laws, administrative regulations, listing rules of the place where the Company's shares are listed, be published on the website of the Company, the website of the Stock Exchange of Hong Kong and other websites specified by the Listing Rules from time to time. A shareholder who intends to attend the class meeting shall deliver his written reply for the attendance at the meeting 20 days prior to the date of the meeting.

In the event that the shareholders who intend to attend such a meeting represent more than half of the total number of voting shares of that class, the Company may hold the class meeting; otherwise, the Company shall within 5 days notify the shareholders of the class, again by public notice, of the matters to be considered as well as the date and place for the class meeting. The Company may then hold the class meeting after the publication of such notice.

Article 99 Notice of class meetings need only be served on those shareholders entitled to vote at class meetings.

Meetings of any class of shareholders shall be conducted in as similar a manner as that of Shareholders' Meeting. The provisions of these Articles of Association relating to the manner of conducting any Shareholders' Meeting shall apply to any meeting of a class of shareholders.

Article 100 Except for other class of shareholders, shareholders of domestic shares and overseas listed foreign shares are deemed to be shareholders of different classes. Shareholders of domestic shares and non-listed foreign shares shall not be deemed to be shareholders of different classes.

The special procedures for approval by class shareholders 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 once every 12 months, 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 at the time of its establishment is carried out within 15 months from the date of approval of the securities regulatory authority under the State Council.
- (3) On transfer of the shares held by the domestic shareholders mentioned in Article 17 of the Articles of Association to overseas investors, then such shares will be listed and traded on overseas stock market.

## **Chapter 10 Party Committee**

Article 101 The Company shall establish a Party Committee as the Party organization of Company. The Party Committee shall consist of one secretary and several other members. In principle, the chairman of the Board of Directors of the Company and the secretary of the Party Committee shall be the same person. In principle, a full-time deputy secretary shall be designated to be in charge of the Party building work of the Company. Eligible members of the Party Committee can join the Board of Directors, the Supervisory Committee and the senior management of the Company through legal procedures, while eligible Party members of the Board of Directors, the Supervisory Committee and the senior management can also join the Party Committee in accordance with relevant rules and procedures. Meanwhile, a commission for discipline inspection shall be established in accordance with relevant requirements.

Article 102 The Party Committee of the Company shall,

- (1) ensure and supervise the Company's implementation of policies and guidelines of the Party and the State, and implement major strategic

decisions of the Central Committee of the Party and the State Council, as well as important work arrangements of higher-level Party organizations;

- (2) uphold the integration of the principle that the Party manages the officials with the function of the board of directors in the lawful selection of the management and with the lawful exercise of authority of appointment, promotion and demotion of personnel by the management. The Party Committee shall deliberate and give opinions on the proposed candidates nominated by the Board of Directors or the General Manager or recommend to the Board of Directors or the General Manager the candidates to be nominated as well as assess the proposed candidates and give opinions collectively with the Board of Directors upon inspection over such candidates;
- (3) study and discuss reform, development and stability of the Company, and substantial matters on operation and management of the Company as well as material issues relating to the interests of the Company's staff, and provide advice and recommendations in this regard;
- (4) assume primary responsibility to run the Party comprehensively with strict discipline; lead the Company's ideological and political work, united front work, creation of spiritual civilization, creation of corporate culture as well as mass organizations such as the labor union and the Communist Youth League(共青團); play a leading role in the construction of a clean and honest government and support the disciplinary committee in fulfilling its responsibility of supervision earnestly.

## **Chapter 11 Board of Directors**

Article 103 The Company shall establish a Board of Directors consisting of 11 directors. The Board of Directors shall have 1 Chairman and 1 Vice Chairman.

Members of the Board shall have the qualifications pursuant to relevant laws and regulations and the Listing Rules. The number of independent non-executive directors ("independent directors") shall represent at least one third of the total members of the board.

Article 104 The Directors shall be elected at the Shareholders' meeting for a term of three years. At the expiration of a Director's term, the term shall be renewable upon re-election. The terms of the independent directors shall also be in compliance with the regulations of the Listing Rules.

If the clauses below are applicable, the Director may resign before the term of office expires. The director shall submit a resignation in writing to the Board. If the resignation in writing has a date when the resignation goes into effect, it shall be the date when the resignation becomes effective; if the resignation in writing does not have a date, the resignation shall go into effect as soon as the Company receives the resignation in writing.

If the number of Directors is lower than two thirds of the number as required by the Articles of Association of the Company or lower than the lowest number as required by the *Company Law* due to the Directors resigning, the resignation shall go into effect after the new Directors are elected to fill the vacancy.

If the above stated case happens, the Board shall call the Shareholders' Meeting as soon as possible to elect new Directors to fill the vacancy.

The Shareholders' Meeting may remove any Director whose term of office has not expired in accordance with relevant laws and regulations. (However, any claim based on the contracts shall be exempted from it.)

A written notice of the intention of nominating the candidate for director and by that candidate indicating his acceptance of such nomination shall be given to the Company no earlier than the date of the notice of the general meeting of shareholders but no later than 7 days before the holding of the said general Shareholders' Meeting.

The Chairman and Vice Chairman of the Board shall be elected and removed by over half of the directors, and terms of office of both the Chairman and Vice Chairman is 3 years, who may be re-elected and re-appointed as their terms of office expire.

The Directors shall not have to hold shares of the Company.

The Directors (except for the independent directors) may be appointed as General Manager or other senior management (except for the Supervisor).

Article 105 The Board of Directors shall be accountable to the shareholders at general meetings, and shall exercise the following functions and powers:

(1) to be responsible for the convening of and reporting to the Shareholders Meeting;

(2) to implement the resolutions passed by the Shareholders' Meeting;

(3) to determine the Company's business plans and investment proposals;

(4) to formulate the Company's preliminary and final annual financial budgets;

(5) to formulate the Company's profit distribution proposal and loss recovery proposal;

(6) to make plans for the Company's increasing or decreasing its registered capital and issuing bonds;

(7) to formulate plans for the Company's merger, division, changing of forms and dissolution;

(8) to decide on the Company's internal management structure;

(9) to appoint or remove the Company's General Manager and secretary to the Board of Directors, and to engage or remove the Company's deputy general manager, person(s) in charge of the finance department and other senior management according to the nomination of the General Manager, and to decide on their remuneration and payment method;

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

(11) to formulate proposals for any amendment to the Company's Articles of Association;

(12) to formulate plans for the Company's acquisition or sale of major assets;

(13) in compliance with the relevant laws and regulations, to exercise the Company's right to finance and loan as well as mortgage, rent, contract for or transfer the Company's major assets and authorizing General Manager and Vice General Manager to exercise the foregoing rights within certain scope;

(14) to propose at the Shareholders' Meeting the engagement or replacement of an accounting firm for the audit of the Company's accounts;

(15) to listen to the opinions of the Party Committee of the Company before making decisions on material issues of the Company;

(16) to exercise any other functions and powers conferred upon by the Shareholders' Meeting and the Articles of Association of the Company.

Resolutions regarding Clause (6), Clause (7) and Clause (11) above shall be passed by over two thirds of the total number of the Directors, and resolutions in relation

to the rest of the circumstances above shall be passed by over half of the total number of the Directors.

The Board may exercise any power that the Articles of Association of the Company does not provide for the Shareholders' Meeting to exercise. The Board shall observe the Articles of Association of the Company and rules made by the Shareholders' Meeting from time to time; however they will not invalidate the Board's previous valid actions.

Article 106 With respect to any proposed disposal of any fixed assets, and in the event that the estimated amount of such disposal together with the amount received from any other disposal of fixed assets occurring in 4 months prior to such proposed disposal exceed 33% of the amount of fixed assets shown on the latest balance sheet discussed at the Shareholders' Meeting, such disposal shall be subject to the approval at the Shareholders' Meeting; and the Board of Directors shall not dispose or agree to dispose such fixed assets prior to the approval of the Shareholders' Meeting.

"Disposal of fixed asset" referred to in this Article shall include the transfer of certain interests in assets, but excludes any provision of any security with any fixed assets.

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

Article 107 The Chairman of the Board shall exercise the following powers and functions:

(1) to preside over Shareholders' Meeting and to convene and preside over meetings of the Board of Directors;

(2) to inspect the implementation of resolutions passed by the Directors at the meetings of the Board of Directors;

(3) to sign the certificates of any securities issued by the Company;

(4) to sign any material documents of the Company or appoint one or more Directors to sign other important documents of the Company with letters of authorisation;

(5) to exercise the functions and powers of a legal representative;

(6) in the event of an occurrence of any severe natural disaster or any other force majeure event, to exercise his special power of disposition in compliance with the legal provisions and in the interests of the Company and report to the Board and the Shareholders' Meeting afterwards;

(7) to exercise other powers and functions conferred upon by the Board.

If the Chairman of the Board fails to exercise the powers and functions, the Vice Chairman shall exercise; if the Vice Chairman fails to do so either, one Director shall be designated to exercise such powers and functions by over half the number of the Directors.

Article 108 The board's regular meeting should be held at least four times every year, and such meeting should be convened by the Chairman.

Shareholders holding more than 10% of voting rights in shares, one third of the Board of Directors or the Board of Supervisors may request to call an extraordinary meeting of the Board. The Chairman shall call and preside over such a meeting within 10 days from receipt of the request.

The reasonable costs for the Directors present at the meetings of the Board of Directors shall be borne by the Company, which includes transportation expenses for the Directors to travel to the place of the meeting (if different from where the directors resides), cost of accommodation and food during the course of the meeting, rent of the meeting venue and local transportation expenses, etc.

Article 109 If the date and place of the regular meeting of the Board of Directors has been decided by the Board of Directors in advance, no notification need to be sent. If the date and place of the regular meeting of the Board of Directors has not been decided by the Board of Directors in advance, the Chairman of the Board shall require the Secretary to the Board to notify all the Directors and Supervisors of the meeting time and location by giving at least 14 days' but no more than 30 days' prior notice in writing by way of telex, telegraph, fax, express delivery or delivery by hand.

If an extraordinary meeting of the Board of Directors is called, the Chairman of the Board shall require the Secretary to notify all the Directors and Supervisors of the date and place as well as the mode of the meeting within 5 to 10 days before the convening of meeting by telex, telegraph or delivery by hand.

The notification shall be both in Chinese and English, containing the agenda and subjects of the meeting. Any Director may waive the right to be notified of the meetings of the Board of Directors.

Should a Director attend a meeting, and has not stated his non-receipt of the meeting notice prior to arriving at the onset of the meeting or at the meeting, the said notice of the meeting shall be deemed to have been served.

Any regular or extraordinary meeting of the Board of Directors may be held by telephone conference or similar communication equipment so long as all Directors participating in the meeting can clearly hear and communicate with each other. All such Directors shall be deemed to be personally present at the meeting.

Article 110 Meetings of the Board of Directors shall be held only if more than half of the Directors (including any alternative Director so appointed) are present.

Each director shall have 1 vote. Unless otherwise provided in these Articles of Association, a resolution of the Board of Directors must be passed by the majority of the Directors of the Company.

Where there is an equality of votes cast both for and against a resolution, the Chairman of the Board of Directors shall be entitled to cast an additional vote.

Article 111 Where a Director or any of his associate(s) has material interests in the subject matter of the meeting, such Director may attend the meeting and state his views, but shall not vote on the matter or appoint another Director to vote for him nor his presence be counted in the quorum; if such Director does not attend the meeting, he shall not authorize another Director to vote on the matter on his behalf.

The meeting of the Board of Directors may be held when more than half of the non-connected Directors attend the meeting. The resolution of the meeting of the Board of Directors shall be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the meetings is less than 3, the matter shall be submitted to the Shareholders' Meeting for consideration.

The first paragraph of this Article shall not be applicable to the following matters:

- (1) any contract or arrangement entered into for the giving of any security or indemnity to the Director or his associate(s) in respect of money lent or

obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or

- (2) any contract or arrangement entered into in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself / themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security; or
- (3) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (4) any contract or arrangement in which the director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the issuer by virtue only of his/their interest in shares or debentures or other securities of the issuer;
- (5) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of any of his associates is derived) or of the voting rights; or
- (6) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associate(s) and employees of the issuer or any of its subsidiaries and does not provide in respect of any director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates.

In this Article, "associate(s)" shall have the same meaning as in the Main Board of the Listing Rules of SEHK.

Article 112 When over one fourth of the Directors or over 2 independent Directors are of the view that the materials of the matters being considered at the meeting of Board of Directors are insufficient or not fully explained, they may jointly motion to postpone the meeting of Board of Directors or postpone the consideration of part of the matters, which shall be adopted by the Board.

Article 113 Directors shall personally attend the meetings of the Board of Directors. In the event that a Director is unable to attend a meeting for any reason, he may appoint another Director by a written power of attorney to attend the meeting on his behalf. The power of attorney shall set out the scope of the authorization.

A Director appointed as a representative of another Director to attend the meeting shall exercise the rights of a Director within the scope of authority conferred upon by the appointing Director. In the event that a Director is unable to attend a meeting of the Board of Directors, and has not appointed a representative to attend such meeting on his behalf, he shall be deemed to have waived his right to vote at such meeting.

The representative appointed shall also be a Director. When the number of Directors presenting is counted, the representative and the Director he represents shall both be taken into account; Such Director shall not have to vote for or against in the same manner with all his votes. The appointing Director shall inform the Company if he terminates such appointment.



Article 114 The Board of Directors shall maintain minutes of resolutions passed at meetings of the Board of Directors. The minutes shall be signed by all the Directors present at the meeting and the person who recorded the minutes. The Directors shall assume liability for any resolutions of the Board of Directors. In the event that a resolution of the Board of Directors violates laws, administrative regulations or these Articles of Association resulting in the Company suffering serious loss, the directors who voted in favor of such a resolution shall compensate the Company for such loss. Notwithstanding the foregoing provision, in the event that it can be proven that a Director has expressly objected to such resolution in voting, and that such objection was recorded in the minutes of the meeting, such Director shall be duly released from such liability.

The minutes of the meetings of the Board of Directors shall be kept at the residence of the Company for at least 10 years.

Article 115 With respect to any matters that are required to be passed by an extraordinary meeting of the Board of Directors and, in the event that such resolution has been distributed in person, by mail, by telegraph or by fax to all the members of the Board of Directors, and in the event that the number of the Directors who have signed the resolution has reached the threshold, an effective resolution shall be passed accordingly, and no meeting of the Board of Directors is required to be convened.

## **Chapter 12 Secretary to the Board of Directors**

Article 116 The Company shall have a Secretary to the Board of Directors, who shall belong to the senior managements of the Company.

Such Secretary shall be nominated by the Chairman of the Board and appointed or removed by the Board of Directors.

Article 117 The secretary to the Company's 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 primary functions shall include:

- (1) to keep the Company's organizational documents and records intact;
- (2) to ensure the Company prepares and submits reports and documents as required by relevant authorities according to laws;
- (3) to maintain the register of shareholders of the Company and persons entitled to access the Company's records and documents receive the same in time;
- (4) to fulfill the duties of the Secretary to the Board of Directors (including reasonable requests of the Board) provided by the laws and the Articles of Association of the Company.

Article 118 A Director or senior management of the Company may be appointed as the Secretary to the Board of Directors. The accountant of the Accounting firm appointed by the Company cannot serve concurrently as the Secretary to the Board of Directors.

In the event that the office of secretary is held concurrently by a Director, and an action is required to be conducted separately by a Director and a Secretary, the person who holds the offices of Director and Secretary shall not perform such action in dual capacity.

## **Chapter 13    General Manager**

Article 119    The Company shall have 1 General Manager, who shall be appointed or removed by the Board of Directors. The term of office of the General Manager is 3 years and the person appointed as the General Manager may be reappointed at the expiry of his term of office.

The Company shall have several Vice General Managers and 1 CFO, who shall be nominated by the General Manager and appointed or removed by the Board of Directors.

Article 120    The General Manager shall be held accountable to the Board of Directors and exercise the following functions and powers:

(1) to operate and manage the Company as well as implement resolutions of the Board;

(2) to implementing the Company's annual operation and investment plan;

(3) to make plans for the structuring of the Company's internal management departments;

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

(5) to formulate regulations for the Company;

(6) to propose to appoint or remove Vice General Managers and CFO of the Company;

(7) to decide to appoint or remove management staff except those that shall be appointed or removed by the Board;

(8) to decide the rewards and punishments, promotions, pay raises, appointments, employment, removal and dismissal of the Company's employees;

(9) to represent the Company to handle major business as authorized by the Board;

(10) to exercise other functions and powers conferred upon by the Articles of Association of the Company and the Board.

Article 121    The General Manager shall attend meetings of the Board of Directors. However, the General Manager has no voting rights at the meetings unless he is also a Director.

Article 122    The General Manager and Vice General Managers shall exercise their functions and powers in accordance with the laws and regulations and the Articles of Association of the Company on a basis of honesty and diligence.

When the General Manager and Vice General Managers exercise their functions and powers, they shall not amend the resolutions passed at the Shareholders' Meeting and the meeting of Board of Directors or go beyond the scope of their functions and powers.

## **Chapter 14    Board of Supervisors**

Article 123    The Company shall establish a Board of Supervisors.

The Board of Supervisors shall supervise the Board of Directors, Directors, General Manager and other senior managements of the Company and shall prevent them from abusing powers, infringing interests of the shareholders, the Company and its employees.

Article 124 The Board of Supervisors shall consists of 5 Supervisors, one of whom shall be appointed as the Chairman of Board of Supervisors. The term of office for a Supervisor is 3 years, and the Supervisor may be reappointed at the expiry of the term of office. The appointment and removal of the Chairman of Board of Supervisors shall be by votes of over two thirds of the Supervisors.

A Supervisor may resign before the term of office expires. The resigning Supervisor shall tender a written resignation. If the written resignation indicates the effective date, the resignation shall take effect on such date; if the written resignation does not indicate the effective date, the resignation shall take effect as soon as the Company receives the written resignation.

Article 125 The Board of Supervisors shall consist of 3 shareholder representatives and 2 employee representatives of the Company. The shareholder representatives shall be elected and removed by the Shareholders' Meeting and the employee representatives shall be democratically elected and removed by employees of the Company.

Article 126 Directors, General Manager or other senior managements of the Company shall not be appointed as Supervisors.

Article 127 The Chairman of Board of Supervisors shall call at least 1 regular meeting every 6 months and inform all the Supervisors 10 days before the meeting. Any Supervisor may propose to call an extraordinary meeting, which shall not be subject to the following notification requirements.

Meetings of the Board of Supervisors shall be notified by the following means:

- (1) If the Board of Supervisors has decided dates and places of the regular meetings of the Board of Supervisors in advance, notices do not need to be served;
- (2) If the Board of Supervisors has not decided dates and places of the regular meetings of the Board of Supervisors in advance, the Chairman of the Board of Supervisors shall inform the Supervisors of dates and places of the meetings by telex, telegraph, fax, express delivery or hand within 10 to 30 days before the meetings.
- (3) The notices shall be in Chinese, enclosed with English versions if necessary, and include the agenda of the meeting.

Should a Supervisor attend a meeting, and has not stated his non-receipt of the meeting notice prior to arriving at the onset of the meeting or at the meeting, the said notice of the meeting shall be deemed to have been served.

Any regular or extraordinary meeting of the Board of Supervisors may be held by telephone conference or similar communication equipment so long as all Supervisors participating in the meeting can clearly hear and communicate with each other. All such Supervisors shall be deemed to be personally present at the meeting.

With respect to any matters that are required to be passed by an extraordinary meeting of the Board of Supervisors and, in the event that such resolution has been distributed in person, by mail, by telegraph or by fax to all the members of the Board of Supervisors, and in the event that the number of the Supervisors who have signed the resolution has reached the threshold, an effective resolution shall be passed accordingly, and no meeting of the Board of Supervisors is required to be convened.

Article 128 The Board of Supervisors shall be held accountable to the Shareholders' Meeting and exercise the following functions and powers in accordance with the laws:

- (1) to review the Company's financial affairs;

(2) to supervise the work of the Directors, General Manager and other senior managements, and propose dismissal of Directors, General Manager and other senior managements who have violated laws, administrative regulations, these Articles of Association or the resolutions of the Shareholders' Meeting;

(3) to demand redress from Directors, General Manager or any other senior managements should their acts be deemed against the Company's interests;

(4) to review such financial information as the financial statements, business reports and any plans for distribution of profits to be submitted by the Board of Directors to the Shareholders' Meeting, and to retain, on the Company's behalf any certified public accountants or chartered auditors to assist in the review of such information should any doubt arises with respect thereof;

(5) to propose the convening of extraordinary general meetings and, in case the Board of Directors does not perform the obligations to convene and preside over the Shareholders' Meeting, to convene and preside over the Shareholders' Meeting;

(6) to submit motions to the Shareholders' Meeting;

(7) to coordinate with Directors on behalf of the Company or initiate legal proceedings against the Company's Directors;

(8) to perform and exercise other functions and powers specified in the laws and regulations and the Articles of Association of the Company.

The Supervisors may attend meetings of the Board of Directors and make inquiries or suggestions in relation to the resolutions of such meetings.

Article 129 Meetings of the Board of Supervisors shall not be held unless over two-thirds of Supervisors are present. Each supervisor is entitled to 1 vote.

The resolutions of the Board of Supervisors shall be passed by the affirmative votes of more than two-thirds of all of its members.

Article 130 The Board of Supervisors shall keep meeting minutes, the Supervisors present at the meeting and the recorder shall sign the meeting minutes. Any supervisor shall have the right to have an explanatory note made in the minutes regarding his speech at the meeting. The minutes of meetings of the board of supervisors shall be kept at the residence of the Company for at least 10 years.

Article 131 All reasonable fees incurred in the retaining of such professionals as lawyers, certified public accountants or chartered auditors by the Board of Supervisors in the exercise of its functions and powers shall be borne by the Company. And the reasonable costs for the Supervisors present at the meetings of the Board of Supervisors shall be borne by the Company, which includes transportation expenses for the Supervisors to travel to the place of the meeting (if different from where the Supervisors reside), cost of accommodation and food during the course of the meeting, rent of the meeting venue and local transportation expenses, etc.

Article 132 Supervisors shall fulfill their obligations of supervision in accordance with the laws and regulations and the Articles of Association of Company.

## **Chapter 15 Qualifications and Obligations of Directors, Supervisors, General Manager and Other Senior Management**

Article 133 A person may not serve as Director, Supervisor, General Manager and one of the any other senior managements of the Company if:

- (1) he does not possess civil capacity or possess limited civil capacity;
- (2) he has been convicted for corruption, bribery, infringement of property or misappropriation of property or other offences which disrupted the social or economic order, in which less than a period of 5 years has lapsed since the sentence was served, or he has been deprived of his political rights and less than a period of 5 year has lapsed since the sentence was served;
- (3) he is a former Director, factory manager or manager of a company or an enterprise which has been dissolved or liquidated and is personally liable for the dissolution or liquidation of such company or enterprise, where a period of less than 3 years has lapsed since the date of completion of the dissolution or liquidation of such Company or enterprise;
- (4) he is a former legal representative of a company or an enterprise the business license of which was revoked as a result of violation of laws and is personally liable for such revocation, where a period of less than 3 years has lapsed since the date of revocation of said business license;
- (5) he has a relatively substantial amount of debts which have become overdue;
- (6) he is currently under investigation by judicial authorities for violation of criminal law;
- (7) he is not permitted to act in the capacity of leader of an enterprise according to laws and administrative regulations;
- (8) he is not a natural person;
- (9) he has been determined by competent authorities for violation of applicable securities regulations and such conviction involves a finding that he has acted fraudulently or dishonestly, where a period of less than 5 years has lapsed from the date of such determination;

Article 134            The validity of any act carried out by a Director, General Manager or other senior managements of the Company on the Company's behalf to a bona fide third party shall not be affected by any irregularities in his office, election or any defect in his qualifications.

Article 135            In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which the Company's shares are listed, each of the Company's Directors, Supervisors, General Manager and other senior management owe the following duties to each shareholder in the exercise of the functions and powers of the Company:

- (1) not to cause the Company to exceed the scope of business stipulated in its business license;
- (2) to act honestly in the best interests of the Company;
- (3) not to expropriate the Company's property in any manner, including (but not limited to) usurpation of beneficial opportunities to the Company;
- (4) not to expropriate the individual rights of shareholders, including (but not limited to) voting rights and distribution rights, except pursuant to a restructuring of the Company which has been submitted to the Shareholders' Meeting for approval in accordance with these Articles of Association.

Article 136 Each Director, Supervisor, General Manager and other senior management of the Company shall, in the exercise of his powers and in the discharge of his duties, exercise the care, diligence and skill(s) that a reasonably prudent person would exercise under comparable circumstances.

Article 137 Each Director, Supervisor, General Manager and other senior management of the Company shall exercise his power or perform his duties in accordance with the principles of fiduciary duty; and shall avoid conflicts of interests. These principles include (but not limited to) the following obligations:

- (1) to act honestly in the best interest of the Company;
- (2) to act within the scope of his powers and not to exceed such powers;
- (5) to exercise discretion in person without being subject to the directions of other individuals, and not to transfer such power to other individuals unless otherwise permitted by laws or administrative regulations or approved by the shareholders based on an informed decision at the Shareholders' Meeting;
- (4) to treat shareholders of the same class with equality, and to treat different classes with fairness;
- (5) not to execute any contracts or transactions or make arrangements with the Company unless otherwise provided by these Articles of Association or approved by the shareholders based on an informed decision at the Shareholders' Meeting;
- (6) not to use the Company's business opportunities for themselves or others or engage in business that is same with the Company's business for themselves or others by abusing their powers unless approved by the shareholders based on an informed decision at the Shareholders' Meeting;
- (7) not to accept any bribery or other illegal income through his powers and position, and not to seize the Company's assets in any manner, including (but not limited to) beneficial opportunities to the Company;
- (8) not to accept any commission with respect to the Company transactions without the approval granted by the shareholders based on an informed decision at the Shareholders' Meeting;
- (9) to comply with these Articles of Association, to perform his duties honestly and faithfully, to protect the Company's interests, and not to pursue personal gains by taking advantage of his powers and position at the Company;
- (10) not to compete with the Company in any manner unless approved by the shareholders based on an informed decision made at the Shareholders' Meeting;
- (11) not to misappropriate the funds of the Company; not to misappropriate the Company's capital and deposit the same in his own name or another's name; not to violate the Articles of Association of the Company by loaning the Company's capital to others or offering guarantee for others with the Company's assets unless the Shareholders' Meeting approves;
- (12) not to divulge any confidential information concerning the Company that has been obtained during his term of office, unless approved by the shareholders based on an informed decision at the Shareholders' Meeting; and not to utilize such information unless for the purpose of benefiting the interests of the Company; notwithstanding the foregoing provisions, they

are allowed to disclose such information to a court of law or other competent government authorities under the following circumstances:

- (i) as prescribed by laws;
- (ii) as required for the purpose of public interest;
- (iii) as required for the interest of the Directors, Supervisors, General Manager or other senior managements.

Article 138 A Director, Supervisor, General Manager and other senior management of the Company shall not direct the following persons or organizations ("connected parties") to do what he is prohibited from doing:

- (1) spouses or minor children of that Director, Supervisor, General Manager or other senior managements of the Company;
- (2) the trustees of those Directors, Supervisors, General Manager or other senior managements of the Company or trustees of those as described in Clause (1) above;
- (3) the partners of those Directors, Supervisors, General Manager or other senior managements of the Company or partners of those as described in Clause (1) and Clause (2) above;
- (4) a company (or companies) under the exclusive control of those Directors, Supervisors, General Manager or other senior managements of the Company or under joint control of any person as described in Clause (1), Clause (2), Clause (3) of this Article or other Directors, Supervisors, General Manager or other senior managements of the Company;
- (5) The Directors, Supervisors, General Manager or other senior managements of the controlled companies as described in Clause (4) above.

Article 139 The fiduciary duty of a Director, Supervisor, General Manager and other senior management of the Company may not necessarily cease upon the conclusion of his term, and their obligations to keep the commercial secrets of the Company shall survive beyond the conclusion of his term. The duration of other obligations and duties shall be determined in accordance with the principle of fairness, taking into account the lapse between the time when a Director, Supervisor, General Manager or other senior managements of the Company leaves the office and the occurrence of the relevant event, and the situation and the circumstances under which his relation with the Company was ceased.

Article 140 The shareholders may by informed decisions at the general meeting to discharge the liability of any Director, Supervisor, General Manager and any other senior managements of the Company as a result of violation of any specific duty, except for the circumstances as specified in Article 58 hereof.

Article 141 A Director, Supervisor, General Manager and other senior managements of the Company who directly or indirectly has many material interests in any contracts, transactions, or arrangements executed or proposed to be executed with the Company (except for contracts of service between the Directors, Supervisors, General Manager and other senior managements and the Company), shall, as soon as possible, disclose to the Board of Directors, the nature and extent of his interest, regardless of whether or not such matters require the approval of the Board of Directors under the normal circumstance.

Unless the interested Directors, Supervisors, General Manager and other senior managements of the Company have made such disclosure to the Board of

Directors as required by the preceding paragraph of this Article, and the relevant matter has been approved by the Board of Directors at the Board meeting in which such Directors, Supervisors, General Manager or other senior managements have not been counted into the quorum and voted at the meeting, the Company shall be entitled to rescind such contracts, transactions, or arrangements, except as to any other party which is deemed a bona fide party without knowledge of the violation of duties on the part of such Directors, Supervisors, General Manager and other senior managements.

Where any connected party of any Directors, Supervisors, General Manager and other senior managements of the Company possess interest in any contracts, transactions or arrangements, such Directors, Supervisors, General Manager and other senior managements shall also be deemed to be interested.

Article 142 In the event that, prior to the Company's initial consideration of such contracts, transactions, or arrangements referred to by the preceding Article, and a Director, Supervisor, General Manager or other senior management of the Company has delivered a written notice to the Board of Directors, stating his interests in such future contracts, transactions, or arrangements, such Directors, Supervisors, General Manager and other senior managements shall be deemed to have made the disclosure as provided in the preceding Article with respect to the statement(s) contained in the notice.

Article 143 The Company shall not, in any manner, pay any taxes for its Directors, Supervisors, General Manager and other senior managements.

Article 144 The Company shall not directly or indirectly provide a loan or a guarantee in connection with the provision of a loan to a Director, Supervisor, General Manager and other senior management of the Company or of the Company's holding company or any of their respective connected parties.

The first paragraph of Article 144 is not applicable to the following cases:

- (1) the provision of a loan by the Company to, or a guarantee in connection with a loan to, its subsidiaries;
- (2) the provision of a loan by the Company to, or a guarantee in connection with a loan or making any other funds available to any of its Directors, Supervisors, General Manager and other senior managements to pay any expenses incurred by them for the purpose of the Company or for the purpose of his performance of his duties in accordance with a service contract approved by the shareholders at the Shareholders' Meeting;
- (3) in the event that the ordinary course of the business of the Company includes the loaning of funds or the provision of guarantees, the Company may make a loan to, or provide a guarantee in connection with a loan to, the relevant Directors, Supervisors, General Manager and other senior managements or their respective connected parties, provided that such loans or guarantees are on normal commercial terms.

Article 145 Any person who receives any funds from a loan which has been made by the Company in violation of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds.



- Article 146 A guarantee for a loan which has been provided by the Company in violation of paragraph 1 of Article 144 shall not be enforceable against the Company, except with respect to the following circumstances:
- (1) the loan was provided to a connected party of any of the Directors, Supervisors, General Manager and other senior managements of the Company or of the Company's holding company and the provider of the loan of such funds has no knowledge of the relevant circumstances at the time of making the loan;
  - (2) the collateral provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.
- Article 147 For the purpose of the foregoing provisions of this Chapter, a "guarantee" shall include an undertaking or any property provided by the guarantor to secure the obligator's performance of his obligations.
- Article 148 In addition to the rights and remedies provided by laws and administrative regulations when a Director, Supervisor, General Manager or other senior managements of the Company breaches his duties to the Company, the Company shall be entitled:
- (1) to require such Director, Supervisor, General Manager or other senior managements to compensate for any loss sustained by the Company as a result of such breach of duty;
  - (2) to rescind any contract or transaction entered into between the Company and such Director, Supervisor, General Manager or other senior managements or between the Company and a third party, where such party knows or should have known that such Director, Supervisor, General Manager or other senior managements representing the Company was in breach of his duty to the Company;
  - (3) to require such Director, Supervisor, General Manager or other senior managements to surrender the profits made as result of such breach of his duty;
  - (4) to recover any amount which otherwise should have been received by the Company but were received by such Director, Supervisor, General Manager or other senior managements instead, including (but not limited to) any commission;
  - (5) to demand the payment of interest earned or which may have been earned by such Director, Supervisor, General Manager or other senior managements on any sum which should have been received by the Company;
  - (6) to go through legal proceedings to obtain orders that the assets the Directors, Supervisors, General Manager and other senior managements have obtained by violating their obligations shall belong to the Company.
- Article 149 With the prior approval of the Shareholders' Meeting, the Company shall enter into a written contract with a Director or Supervisor with respect to his remuneration. The aforementioned remuneration may include:
- (1) remuneration with respect to his service as a Director, Supervisor or senior managements of the Company;
  - (2) remuneration with respect to his service as a Director, Supervisor or senior

managements of any subsidiary/subsidiaries of the Company;

(3) remuneration with respect to the provision of other services in connection with the management of the Company and any of its subsidiaries;

(4) any payment as compensation for, or in connection with loss of office or retirement from office of such Director or Supervisor.

No proceedings may be brought by a Director or Supervisor against the Company for any benefit which otherwise would have been received by him by virtue of any aforementioned matters except pursuant to any contract described above.

Article 150 Any contracts between the Company and its Directors or Supervisors with respect to their remuneration shall provide that the Directors and Supervisors shall, subject to the prior approval of Shareholders' Meeting, be entitled to receive compensation or other payment with respect to his loss of office or retirement in the event that the Company is to be acquired by others. For the purposes of this paragraph, the acquisition of the Company shall include any of the following:

(1) a general offer made by any person to all the shareholders;

(2) an offer made by any person in anticipation of becoming a "controlling shareholder". The meaning of a "controlling shareholder" is defined as the same in Article 59 hereof.

In the event that the relevant Director or Supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of such offer. The expenses incurred in distributing such sum pro rata among such persons shall be borne by the relevant Director or Supervisor and shall not be deducted from such sum.

## **Chapter 16 Financial Accounting System and Profit Distribution**

Article 151 The Company shall establish its financial and accounting systems and internal auditing system in accordance with the laws, administrative regulations and accounting principles of the China formulated by the finance department of the State Council.

Article 152 A financial report shall be prepared at the end of each financial year and shall be examined and verified according to laws. The financial report shall be in both Chinese and English.

The Company's financial report shall include:

(1) balance sheet;

(2) profit statement;

(3) statement of profit distribution;

(4) statement of cash flow;

(5) notes to the accounting statement;

Article 153 The Company's financial year shall apply the Gregorian calendar, that is, one financial year starts from Jan. 1<sup>st</sup> and ends by Dec. 31<sup>st</sup> of the Gregorian calendar.

The Company shall apply RMB as the monetary unit for accounting and keep accounts in Chinese.

Article 154 The Board of Directors of the Company shall present to the shareholders, at each annual general meeting, such financial reports as required by applicable laws, administrative regulations, directives promulgated by competent local government, central governmental authorities and the Listing Rules of SEHK.

Article 155 The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days prior to the date of annual general meeting of shareholders. Each shareholder of the Company is entitled to obtain a copy of the financial reports referred to in this Chapter.

A copy of either (i) the directors' report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account or income and expenditure account, or (ii) the summary financial report shall be delivered by prepaid mail or sent by hand to each shareholder at least 21 days prior to the date of the each annual general meeting of shareholders. For the overseas listed foreign shares shareholders, these may, in accordance with laws, administrative regulations, listing rules of the place where the Company's shares are listed, be published on the website of the Company, the website of the Stock Exchange of Hong Kong and other websites designated by the Listing Rules from time to time.

The Company shall send all the documents as laws and regulations of China or rules of the stock exchange where the Company's shares are listed specify along with the financial reports as stated above to the relevant shareholders.

Article 156 The financial statements of the Company shall, in addition to being prepared in accordance with the accounting principles and regulations of the China, also be prepared in accordance with the Listing Rules. In the event of any material discrepancies in the financial statements prepared in accordance with the two sets of accounting principles, such discrepancies shall be stated in the notes of the financial statements. For purpose of the Company's distribution of after-tax profit in financial year, the lower amount of the after-tax profits shown in the above-mentioned two financial statements shall be adopted.

Article 157 The interim results or financial information published by the Company shall be prepared in accordance with the accounting principles of the China and the relevant regulations as well as the accounting standards stipulated by the Listing Rules.

Article 158 The Company shall publish two financial reports each fiscal year, namely an interim financial report within 90 days after the end of the first six months of each fiscal year and an annual financial report within 120 days after the end of the preceding financial year; the deadline for publication shall not be later than the regulations of the listing rules of the place where the Company's shares are listed.

Article 159 After the Company's interim financial reports and the annual financial reports are completed, it shall go through relevant procedures and make relevant announcements in accordance with relevant securities laws, administrative regulations and the regulations required by the stock exchange of the listing place where the Company's shares are listed.

- Article 160      The Company shall not establish account books other than those required by law.
- The legal account books of the Company may be accessed by its Directors and Supervisors.
- Article 161      The Company shall apply an internal auditing system, establish internal auditing department or deploy internal auditors to conduct audit on and supervise the Company's financial income and expenses and business activities under the leadership of Board of Directors.
- Article 162      The Company's after-tax profit shall be allocated in the following order:
- (1) the making up of any loss;
  - (2) allocation to the statutory reserve fund;
  - (3) payment of dividends to shareholders of preference shares (if any);
  - (4) allocation to the discretionary reserve fund;
  - (5) payment of dividends to shareholders of ordinary shares.
- The distribution proportion as to Clause (4) and Clause (5) above for a certain year shall be determined by the Board of Directors in accordance with business operations and development requirements as well as reviewed at the Shareholders' Meeting.
- Article 163      The Company shall not distribute profits prior to its making up for any loss and allocations to the statutory reserve fund.
- If the Shareholders' Meeting or the Board of Directors violates the regulations as stated above by distributing its profits before covering the loss and deducting the statutory reserve funds, the shareholders shall refund the profit thus distributed to the Company.
- The Company shall not be obliged to pay the interest on dividends to the shareholders, except for any overdue amount.
- Article 164      The Company shall allocate 10% of its profits after tax to the statutory reserve fund. When the aggregate balance in the statutory reserve fund is over 50% of the registered capital of the Company, the Company shall not be required to make any further allocations to that fund.
- The Company may, upon a resolution made by the Shareholders' Meeting, allocate its profits after tax to the discretionary reserve fund.
- Article 165      The Company's reserve funds include statutory reserve fund, discretionary reserve and capital reserve funds, which shall be used for:
- (1) to make up the loss, except that the capital reserve fund cannot be used to make up for the loss;
  - (2) to expand the Company's operations;
  - (3) to increasing the registered capital of the Company. The Company may, upon a resolution made by the Shareholders' Meeting, may convert its reserve fund into its share capital. When such conversion occurs, the company shall either distribute new shares to the shareholders in proportion to their original shareholdings, or increase the par value of each share, provided that, upon capitalization of the statutory reserve fund, the amount remaining in the

statutory reserve fund may not fall below 25% of the registered capital of the Company prior to capitalization.

- Article 166      The capital reserve fund shall include the followings:
- (1) any premium which exceeds the proceeds from issuance of shares at face value;
  - (2) any other income credited to the capital reserve fund as required by the finance department of the State Council.
- Article 167      The dividend shall be distributed according to the shareholders' shareholdings within 6 months since the end of the previous financial year.
- Unless the Shareholders' Meeting specifies otherwise, the Shareholders' Meeting may authorize the Board of Directors to distribute the mid-term dividend.
- Article 168      The Company may distribute its dividend in the form of:
- (1) cash;
  - (2) shares.
- When the Company pays dividend and makes other payments to the domestic shareholders, it shall be calculated and declared in the currency of RMB and paid in the currency of RMB within 3 months since the dividend is declared; when the Company pays dividend and make other payments to the foreign shareholders, it shall be calculated and declared in the currency of RMB and paid in foreign currency within 3 months since the dividend is declared.
- If the Company pays the foreign shareholders in foreign currency, it shall be handled pursuant to the regulations for foreign exchange management.
- Article 169      When the Company distributes its dividends to the shareholders, it shall deduct the relevant taxes of the dividends as China tax laws specify.
- Article 170      The Company shall appoint a receiving agent for the shareholders of the overseas-listed foreign shares. Such receiving agent shall receive dividends of the overseas-listed foreign shares on behalf of such relevant shareholders, as well as all other amounts payable to such shareholders.
- The receiving agent appointed by the Company shall meet relevant requirements of the laws of the places or the relevant regulations of the stock exchange in which the Company's shares are listed. The receiving agent appointed for shareholders 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.
- Article 171      Subject to compliance with the laws and regulations of China, if the dividend is not claimed, the Company may confiscate it as long as the time for such claims has expired.
- Any payment for shares that has been paid by shareholders before the call shall be entitled to interest, but shall not be entitled to dividends declared after the call with respect to the advance payment for shares.
- The Company shall have the right to cease the sending of the coupon for the dividends by mail to the shareholders of overseas-listed foreign shares upon the

failure to claim for such dividends on 2 consecutive occasions after the posting of such coupons. Notwithstanding that the first coupon has failed to reach the shareholder and has been returned, the Company shall still have the right to exercise such right.

The Company shall have the right to sell shares of any shareholder who cannot be contacted and retain the proceeds:

(1) the Company shall have distributed dividends at least 3 times to such shares within 12 years, but such dividends has not been claimed; and

(2) the Company, after a lapse of 12 years, shall publish an announcement in 1 or more newspapers in the places in which the Company's shares are listed, stating its intention to sell such shares, and shall inform the overseas securities regulatory department of the places in which such shares are listed.

## **Chapter 17 Appointment of Accounting Firm**

Article 172 The Company shall retain an independent accounting firm that fulfills the requirements provided by the relevant regulations of China to audit the Company's annual financial report and review the Company's other financial reports.

The retaining of the first accounting firm of the Company may occur at the inauguration meeting prior to the first annual general meeting of shareholders. The term of such accounting firm shall terminate upon the conclusion of the first annual general meeting of shareholders.

Should the inauguration meeting not exercise the powers under the preceding paragraph, the Board of Directors shall exercise those powers.

Article 173 The term of an accounting firm retained by the Company shall commence upon the conclusion of one annual general meeting of shareholders and shall sustain until the conclusion of the next annual general meeting of shareholders.

Article 174 The accounting firm engaged by the Company shall have the following rights:

- (1) to inspect books, records and vouchers of the Company at any time, and to require the Directors, General Manager and other senior managements of the Company to provide relevant information and explanations;
- (2) to require the Company to take all reasonable steps to obtain from its subsidiaries any information and explanations necessary for the discharge of its duties;
- (3) to attend any Shareholders' Meeting and to receive all notices of, and other communications relating to, any Shareholders' Meeting which any shareholder is entitled to receive, and to speak at any Shareholders' Meeting in relation to matters concerning its role as the Company's retained accounting firm.

Article 175 In the event of a vacancy in the Company's accounting firm, the Board of Directors may retain an accounting firm to fill such vacancy prior to the convening of the general meeting of shareholders. Such accounting firm may continue to act during the vacancy period if the Company has another incumbent accounting firm.

- Article 176 Irrespective of the provisions in the contract concluded between the Company and the accounting firm, the Shareholders' Meeting may remove the accounting firm by an ordinary resolution before the term of the accounting firm expires. Notwithstanding such provisions, the accounting firm's entitlement to claim for damages arising out of its removal shall not be affected thereby.
- Article 177 The remuneration of an accounting firm or the manner in which such firm is to be compensated shall be decided by the Shareholders' Meeting. The remuneration of an accounting firm retained by the Board of Directors shall be decided by the Board of Directors.
- Article 178 The Shareholders' Meeting shall decide to retain, remove or discontinue the retention of an accounting firm and file with securities regulatory authority of the State Council.
- Article 179 In the event that a resolution at Shareholders' Meeting is passed to retain an accounting firm other than the incumbent accounting firm to fill any casual vacancy in the office of the accountant, or to reappoint an accounting firm which was retained by the Board of Directors to fill any casual vacancy, or to remove an accounting firm prior to the expiration of its term, the following provisions shall apply:
- (1) The retaining or removal motion shall be sent (before a notice of Shareholders' Meeting is given) to the accounting firm that is proposed to be retained or to leave or the accounting firm which has left in the relevant financial year.  
  
"Leaving" shall include leaving by removal, resignation and retirement.
  - (2) In the event that the accounting firm that is proposed to leave makes written representations and requests that the Company give notice to shareholders of such representations, the Company shall (unless the representations have been received too late) take the following measures:
    - (i) In any aforementioned notice for making a resolution, the Company shall state the representations made by such accounting firm which is to leave;
    - (ii) To attach a copy of the representations to the notice and deliver it to the shareholders in the manner as provided in the Articles of Association.
  - (3) In the event that the Company fails to send the accounting firm's representations in the manner set out in Clause (2) above, such accounting firm may (in addition to its right to be heard) make further appeal.
  - (4) A leaving accounting firm has the right to attend the following meetings:
    - (i) Shareholders' Meeting at which its term would otherwise have expired;
    - (ii) Shareholders' Meeting at which the said accounting firm is proposed to fill the vacancy caused by its removal;
    - (iii) Shareholders' Meeting which is convened as a result of the resignation of the said accounting firm.
- The leaving accounting firm is entitled to receive all notices of, and other communications relating to any such meeting, and to speak at any such meeting which it attends on any matters with respect to its capacity as the former accounting firm of the Company.

Article 180 Notice shall be given to the accounting firm no less than 30 days in advance should the Company decide to remove such accounting firm or not to reappoint it. Such accounting firm shall be entitled to make representations at the Shareholders' Meeting. Where the accounting firm resigns from its position, it shall clarify to the shareholders at the Shareholders' Meeting on any irregularities on the part of the Company.

An accounting firm may resign from its office by depositing a resignation notice at the Company's legal residence, which shall become effective on the date of such deposit or on such later date as stated therein. Such notice shall contain the following statements:

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

Where a notice is deposited under the preceding paragraph, the Company shall, within 14 days, send a copy of the notice to the relevant competent authorities. If the notice contains any statement(s) referred to in the preceding two sub-clauses, a copy of such statement(s) shall be sent by prepaid mail to each shareholder entitled to obtain its financial reports at the address registered in the register of shareholders in accordance with the laws, administrative regulations, listing rules of the place where the Company's shares are listed, publish such reports on the website of the Company, the website of the Stock Exchange of Hong Kong and other websites designated by the Listing Rules from time to time.

Where the accounting firm's notice of resignation contains the content of sub-clause (2) above, the accounting firm may require the Board of Directors to call an extraordinary shareholders' meeting for the purpose of explaining the circumstances connected with its resignation.

## **Chapter 18 Labor Management and Labor Union**

Article 181 The Company shall establish the labor management, human resources management, payroll system and social insurance system applicable to the Company according to the laws and regulations of China.

Article 182 The Company shall establish and organize the labor union according to the laws and regulations of China and provide necessary conditions for such labor union activities and allocate labor union funds to launch such activities pursuant to relevant laws of China.

## **Chapter 19 Merger and Division of the Company**

Article 183 In the event of a merger or division of the Company, the Company's Board of Directors shall submit a motion, which shall be approved in accordance with the procedures stipulated in these Articles of Association and go through relevant examination and approval formalities pursuant to laws. Shareholders who object to the merger or division proposal shall be entitled to request that the Company or the consenting shareholders acquire such dissenting shareholders' shares at a fair price.

The content of the resolution of merger or division of the Company shall constitute special documents which shall be available for inspection by the shareholders of the Company.

The documents as stated above shall be sent by mail to holders of foreign shares listed in Hong Kong.



Article 184      The merger of the Company may take the form of either merger by absorption or merger by establishment of a new company.

In the event of a merger of the Company, the parties to the merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days and publish an announcement in a newspaper within 30 days after the date of the Company's merger resolution. The creditors may require the Company to repay debts or provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors haven't received the notice.

After the merger of the Company, any rights in relation to creditor's rights and debts of each party to the merger shall be assumed by the surviving company after the merger or the newly established company.

Article 185      Where there is a division of the Company, its assets shall be divided accordingly.

In the event of a division, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days and publish an announcement in newspapers within 30 days after the date of the Company's division resolution.

Debts of the Company prior to the division shall be assumed by the companies that exist after the division, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before division.

Article 186      The Company shall, as a result of a merger or division, apply for an alteration in its registration with the relevant registration authority in the event of any change in any particulars of its registration; the Company shall also apply for cancellation of its registration in the event of a dissolution; and apply for a new registration in the case of a new establishment, in accordance with the laws.

## **Chapter 20      Dissolution and Liquidation**

Article 187      The Company shall be dissolved and liquidated according to laws upon any of the following circumstances:

- (1) A resolution for dissolution is passed by the Shareholders' Meeting;
- (2) A merger or division of the Company for which a dissolution becomes necessary;
- (3) The Company is announced bankrupt according to the laws due to overdue debts;
- (4) The Company's business license is revoked or it is ordered to be closed or to be dissolved in accordance with the laws;
- (5) Other circumstances as laws and regulations specify.

Article 188      If the Company is dissolved pursuant to Clause (1) and Clause (4) of the preceding Article, it shall establish a liquidation committee within 15 days after the dissolution circumstance arises. The liquidation committee shall comprise of the directors or the members to be determined by the Shareholders' Meeting. If the liquidation committee is not duly set up, the creditors may request the People's Court to designate relevant persons to form a liquidation committee to carry out liquidation.

If the Company is dissolved pursuant to Clause (2) of the preceding Article, the liquidation shall be conducted by both parties to the merger or division of the Company in accordance with the agreement regarding the merger or division.

If the Company is dissolved pursuant to Clause (3) of the preceding Article, the People's Court shall organize the shareholders, relevant authorities and relevant professionals to form a liquidation committee to carry out the liquidation.

Article 189 Where the board of directors has decided to liquidate the Company for any reason other than the Company's declaration of its own insolvency, the Board of Directors shall state in the notice convening the Shareholders' Meeting that it has made full inquiry into the affairs of the Company and is of the opinion that the Company shall be able to settle its debts in full within 12 months from the commencement of the liquidation.

The Board of Directors shall stop exercising its powers and functions upon passing of the resolution for a liquidation of the Company by the shareholders at the Shareholders' Meeting.

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

Article 190 The liquidation committee shall, within 10 days of its establishment, notify the creditors, and, within 60 days of its establishment, publish an announcement on newspapers. Creditors shall, within 30 days of receipt of the notice, or for creditors who have not personally received such notice, shall within 45 days after the date of the announcement, contact the liquidation committee to claim their rights.

In claiming their rights, the creditors shall explain matters relating to their rights and provide a statement and evidence with respect thereof. The liquidation committee shall register creditor's rights. The liquidation committee may not make payment to any such creditor during the period of such creditor's claim.

Article 191 During liquidation, the liquidation committee shall exercise the following functions and powers:

- (1) to organize the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify or to publish an announcement to the creditors;
- (3) to dispose of any continuing businesses of the Company in connection with the liquidation;
- (4) to pay outstanding taxes and the taxes arising during liquidation;
- (5) to settle claims and debts;
- (6) to organize the remaining assets subsequent to the settlement of the Company's debts;
- (7) to represent the Company in any civil proceedings.

Article 192 Following the organization of the Company's assets and the preparation of a balance sheet and an inventory of assets by the liquidation committee, the liquidation committee shall formulate a liquidation proposal and present it to the Shareholders' Meeting or the People's Court for confirmation.

Article 193 The cost of liquidation, including remuneration of members of the liquidation committee and the consultants, shall be covered first from the Company's assets.

- Article 194      Once the Company decide to carry out a liquidation, anyone shall not dispose the Company's assets unless approved by the liquidation committee. During the course of liquidation, although the Company is in existence, it shall not carry out any business unrelated to the liquidation.
- After the cost of liquidation is paid by the Company, the liquidation committee shall make the following payments with the Company's assets according to the following priorities:
- (1) payment of the outstanding salaries and social insurance contributions and statutory compensation to the Company's employees;
  - (2) payment of the outstanding taxes;
  - (3) settlement of the Company's debts.
- The remainder of Company's assets after settling the above mentioned payments shall be distributed by the liquidation committee according to the class and proportion of the shareholdings in the following priorities:
- (1) to distribute to the shareholders of preference shares pursuant to par value; if not enough assets to cover the capital of preference shares, to distribute pro rata of the preference shares;
  - (2) to distribute pro rata of ordinary shares.
- Article 195      The liquidation committee shall dutifully fulfill the liquidation obligation in accordance with the laws.
- No member of the liquidation committee shall abuse his official powers to accept bribes or other unlawful gains, and to expropriate the Company's assets. If any member of the liquidation committee causes any loss to the Company or the creditors intentionally or with gross negligence, the said member shall be liable for compensation.
- Article 196      The liquidation committee shall immediately apply to the People's Court for a declaration of bankruptcy if it becomes aware, having liquidated the Company's assets and prepared a balance sheet and an inventory of assets, that the Company's assets are insufficient to repay its debts in full in an event of dissolution.
- Upon the Company being declared bankrupt by a ruling of the People's Court, the liquidation committee shall transfer to the People's Court all matters arising out of the liquidation.
- Article 197      Following the completion of liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses and financial accounts for the liquidation, which shall be verified by a China registered accountant and submitted to the Shareholders' Meeting or the relevant governing authorities for confirmation.
- The liquidation committee shall, within 30 days after such confirmation, submit the aforementioned documents to the company registration authority for an application for a cancellation of registration of the Company, and publish an announcement in respect of the termination of the Company.
- Chapter 21    Procedures for Amending the Articles of Association of the Company**
- Article 198      The Company may amend its Articles of Association in accordance with the requirements of laws, administrative regulations and the Articles of Association of the Company.

- Article 199 The Articles of Association shall be amended in the following manner:
- (1) the Board of Directors shall propose the amendments to the Articles of Association according to the Articles of Association of the Company;
  - (2) the foregoing motion shall be furnished to the shareholders in writing for the purpose of convening Shareholders' Meeting;
  - (3) the amendments shall be passed by an extraordinary resolution at the Shareholders' Meeting;
  - (4) the amendments shall be Reported to the relevant authority for approval (if necessary).

The Shareholders' Meeting may authorize the Board of Directors by an ordinary resolution: (i) if the Company increases its registered capital, the Board shall be entitled to amend the registered capital in the Articles of Association of the Company; (ii) if the sequence of text or articles of the Articles of Association of the Company that has been passed at the Shareholders' Meeting needs to be changed as the relevant authority requires when approving the Articles of Association of the Company, the Board shall be entitled to amend as the relevant authority specifies.

- Article 200 If the amendments to the Articles of Association of the Company concerns the *Prerequisite Clauses*, the amendments shall go into effect upon approval by the company administration department authorized by the State Council and securities regulatory authority of the State Council; if the amendments involve matters of company registration, it shall go through registration procedures for alternation in accordance with the laws.

## **Chapter 22 Notifications**

- Article 201 Unless otherwise specified in the Articles of Association of the Company, the notices, materials or statements in writing that the Company sends to the holders of foreign shares listed in Hong Kong shall be sent to the addresses recorded in the register of shareholders by hand or by paid mail, or by way of announcements, or be sent by E-mail or being published on the website of the Company and other website(s) designated by the Listing Rules from time to time in accordance with laws, administrative regulations, listing rules of the place where the Company's shares are listed. Notices, materials or statements in writing that the Company sends to the holders of non-listed foreign shares shall be sent to the addresses provided by the holders of non-listed foreign shares by hand or by paid mail, or be sent by E-mail in accordance with the laws, regulations and the listing rules of the place where the Company's shares are listed.

If the shareholder does not provide an address or a wrong address is provided thus the shareholder cannot be reached, as long as the Company display and keep the relevant notification at the Company's legal residence for 24 hours, the said shareholder shall be deemed to have received the notification.

The notifications the Company sends to the holders of domestic shares by way of public announcement shall be published on one or more newspapers or magazines designated by the securities regulatory authority of the State Council. Once the announcement is published, all holders of domestic shares shall be deemed to have received the notifications. The announcements to the shareholders of the overseas listed foreign shares pursuant to the relevant regulations and these Articles of Association shall be published in Hong Kong in accordance with the Listing Rules.

- Article 202 If the Company's notifications are sent by mail, the addresses shall be clearly noted down and such notifications shall be sent by paid mail; the shareholders

shall be deemed to have received the notifications 5 days since the notifications are sent out.

Article 203 If the shareholder or Director sends any notices, documents, materials or statements in writing to the Company, they may be sent by hand or registered mail to the Company's legal address or the Company's registration agent.

If the said shareholder or Director would like to prove that he has sent the notices, documents, materials or statements in writing to the Company, he may need to provide evidence to the effect that such notices, documents, materials or statements in writing would have been delivered to the correct address within the time limit in normal ways or by paid mail.

## Chapter 23 Dispute Resolutions

Article 204 The Company shall abide by the following principles for dispute resolution:

- (1) Any disputes or claims arising between holders of the overseas listed foreign shares and the Company; holders of the overseas listed foreign shares and the Company's Directors, Supervisors, General Manager, or other senior managements; or holders of the overseas listed foreign shares, holders of the domestic shares or holders of non-listed foreign shares with respect to any rights or obligations by virtue of the Articles of Association, the *Company Law* and any rights or obligations conferred upon or imposed by any other relevant laws and administrative regulations concerning the affairs of the Company, shall be submitted to arbitration by the parties concerned.

When the aforementioned dispute or claim of rights is submitted to arbitration, the entire claim or dispute shall be submitted to arbitration, and all persons whose causes of action were based on the same ground, giving rise to the dispute or claim or whose participation shall be necessary for the resolution of such dispute or claim, shall, where such person is the Company, the Company's shareholders, Directors, Supervisors, General Manager, or other senior managements of the Company, comply with the arbitration.

Disputes with respect to the definition of shareholders and disputes concerning the register of shareholders need not be resolved by arbitration.

- (2) A claimant may select an arbitration to be administered either by the China International Economic and Trade Arbitration Commission in accordance with its Rules, or the Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules. Once a claimant submits a dispute or claim of rights to arbitration, the other party must submit to the arbitration institution selected by the claimant.

If a claimant selects the Hong Kong International Arbitration Center as the arbitration institution, either party to the dispute or claim may apply for the arbitration venue to be in Shenzhen, in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center.

- (3) If any dispute or any claim for rights concerning the Company as to the Articles of Association of the Company, the *Company Law* and other laws and regulations, between any holder of non-listed foreign shares and the Company, between any holder of non-listed foreign shares and any of the Company's Directors, Supervisors, General Manager and other senior managements, between any holder of non-listed foreign shares and any holder of domestic shares or between any holder of non-listed foreign

shares, occurs, the concerned person shall settle such dispute or claim for rights by submitting to Hong Kong International Arbitration Center for arbitration, and the arbitration shall be conducted in Hong Kong in accordance with the arbitration rules effective from time to time.

(4) Unless laws and regulations specify otherwise, laws and regulations of China are applicable to arbitration of settling the dispute or claim for rights as described in Clause (1) and Clause (3) above.

(5) The award of the arbitration shall be final and binding on all the parties.

## **Chapter 24 Supplementary Provisions**

- Article 205 The newspapers or magazine where the Company's public announcement is published shall be the newspaper or magazine as specified by relevant laws and regulation of China. If a public announcement is made to the holders of overseas listed foreign shares pursuant to the Articles of Association of the Company, the public announcement shall be published on the website as designed by the Listing Rules of SEHK.
- Article 206 The Articles of Association of the Company is in both Chinese and English; if any discrepancy exists, the latest Chinese version registered at the Chongqing Municipal Administration for Industry and Commerce shall prevail.
- Article 207 For the purpose of the Articles of Association, references to the "accounting firm" shall bear the same meaning as the "auditor".
- Article 208 "Over" as described in the Articles of Association of the Company shall include the actual figures.
- Article 209 The Company's Board of Directors shall have the right to interpret the Articles of Association of the Company as permitted by laws and regulations of China.