

**SHANGHAI MICROPORT MEDBOT (GROUP) CO., LTD.**

**ARTICLES OF ASSOCIATION**

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## Chapter 1. General Provisions

- Article 1.** To safeguard the legitimate rights and interests of the shareholders and creditors of Shanghai MicroPort MedBot (Group) Co., Ltd. (hereinafter referred to as the “Company”), and to regulate the organization and activities of the Company, these Articles of Association have been hereby established in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China, the Special Provisions of the State Council on the Offering and Listing of Shares Overseas by Joint Stock Limited Companies (the “Special Provisions”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (the “Mandatory Provisions”), the Letter of Opinions on Supplementary Amendments to the Articles of Association of Companies to be Listed in Hong Kong (Zheng Jian Hai Han [1995] No.1), the Reply of the State Council on Adjusting the Provisions Applicable to the Notice Period for Convening Shareholders’ General Meetings and Other Matters Applicable to Overseas Listed Companies (Guo Han [2019] No. 97), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and other relevant laws, administrative regulations and normative documents.
- Article 2.** The Company is a joint stock company with limited liability established by being converted from MicroPort MedBot (Shanghai) Co., Ltd. (“MedBot Limited”) in accordance with the Company Law and other relevant regulations of the PRC. The Company was established by its promoters upon the approval of Shanghai Municipal Administration for Market Regulation. It was registered with and obtained a business license from Shanghai Municipal Administration for Market Regulation on December 31, 2020. The unified social credit code of the Company is 91310115329558376Y.
- Article 3.** There are 23 Promoters of the Company in total, including: Shanghai Latent Artificial Intelligence Co., Ltd., Shanghai Changlong Lifescience Technology Co., Ltd., Shanghai Qingmin Enterprise Management Consultation Center LLP, Shanghai Qinghe Enterprise Management Consultation Center LLP, Shanghai Qingxing Enterprise Management Consultation Center LLP, Shanghai Maijin Enterprise Management Consultation Center (LLP), Zhuhai Gao Ling Chongheng Equity Investment LLP, Tianjin Ronghao Enterprise Management LLP, Hainan Biolink Hongjiu Enterprise Management LLP, Tianjin Yuanyi Yuanfu Enterprise Management Center (LLP), Yifang Huida VC (Guangdong) LLP, Yifang Yida VC (Guangdong) LLP, Shanghai Guofang Weili Enterprise Management LLP, Shanghai Runkun Tianlu Enterprise Management Center (LLP), Shanghai Science Technology Venture Capital (Group) Co., Ltd., Shenzhen Xinlong Investment LLP, Guangdong Yifang Xinda Equity Investment LLP, Huimei Kangwei (Tianjin) Enterprise Management Consultation Partnership (LLP), Huimei Kangqi (Tianjin) Enterprise Management Consultation Partnership (LLP), Zhuhai Gao Ling Jiangheng Equity Investment LLP, Shanghai Heyi Enterprise Management LLP, Shanghai Huaiang Assets Management LLP and Shanghai Yajian Enterprise Management Consultation Center (LLP).

- Article 4.** On September 12, 2021, the Company was approved by the China Securities Regulatory Commission to issue 36,200,000 overseas-listed foreign shares (the “H Shares”) (without the exercise of the over-allotment option) in Hong Kong. On November 2, 2021, the H Shares were listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).
- Article 5.** Registered name of the Company:
- Full name in Chinese: 上海微创医疗机器人 (集团) 股份有限公司  
Full name in English: Shanghai MicroPort MedBot (Group) Co., Ltd.
- Article 6.** The Company’s address: Room 101, Area B, Building 1, 1601 Zhangdong Road, China (Shanghai) Pilot Free Trade Zone  
Postal code: 201203
- Article 7.** The registered capital of the Company was RMB916,963,831 Yuan before the issuance of H Shares.
- The registered capital of the Company is RMB953,163,831 Yuan after completion of the issuance of H Shares (without the exercise of the over-allotment option). If the over-allotment option is fully exercised, the registered capital of the Company will be RMB958,593,831 Yuan.
- Article 8.** The Company is a joint stock limited liability company with perpetual existence and is an independent legal entity, subject to the jurisdiction and protection of the PRC laws, administrative regulations and other relevant requirements.
- Article 9.** The legal representative of the Company is the chairman of the Board of Directors.
- Article 10.** All assets of the Company shall be divided into equal shares. The liability of a shareholder to the Company shall be limited to the shares subscribed for by that shareholder. The Company shall be held liable for its debts with all of its assets.
- Article 11.** The Articles of Association are adopted by a resolution at the general meeting of the Company and approved by the relevant department of the PRC, and shall become effective on the date when the overseas-listed foreign shares issued by the Company are listed and traded on the Hong Kong Stock Exchange. From the date upon which the Articles of Association come into effect, the Articles of Association shall become a legally binding document regulating the Company’s organization and activities, as well as the rights and obligations between the Company and each shareholder and between the shareholders.
- The Articles of Association are binding on the Company and its shareholders, directors, supervisors and senior management, all of whom shall have the rights to propose any matters of the Company pursuant to the Articles of Association.

Pursuant to the Articles of Association, a shareholder may take legal action against another shareholder or the Company, the Company may take legal action against a shareholder, a shareholder may take legal action against the directors, supervisors and senior management of the Company, and the Company may take legal action against its directors, supervisors and senior management.

The legal action referred to in the preceding paragraph includes applications to competent courts or arbitral bodies.

**Article 12.** The Company may invest in other limited liability companies or joint stock limited companies, and the Company's liabilities to an investee entity shall be limited to the amount of its capital contribution to such investee entities. Unless otherwise provided by law, the Company may not become a capital contributor assuming joint and several liability for the debts of the invested enterprises.

Subject to the approval of the company approval authority authorized by the State Council, the Company may operate as a holding company having regard to its operational and management needs in accordance with the relevant provisions of the Company Law.

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

**Article 13.** The business objectives of the Company are: to enhance operational and management standards, maximize economic benefits and create satisfactory economic returns for all shareholders by operating in the organizational form of joint stock limited liability company.

**Article 14.** The business scope of the Company shall be such items as approved by the company registration authority. The Company's business scope registered according to law: General items: technology development, technology transfer, technology consultation, technology service, technology exchange and technology promotion in the field of medical robotic technology and medical devices; sales of instruments and meters; sales of mechanical equipment; sales of electronic components and electromechanical units and equipment; sales of metal products; sales of medical equipment supporting software, parts, components and computer software and system integration products and equipment; import and export of goods; import and export of technologies; production of Class I medical devices; sales of Class I medical devices; sales of Class II medical devices; repair of specialized equipment; electrical installation services; information system integration services; leasing services (excluding leasing services for the approved items). Approval items: production of Class II medical devices; production of Class III medical devices; operation of Class III medical devices (except for items subject to approval required by laws, business activities set forth in the business license may be conducted independently in accordance with the law). The Company may, upon approval by the general meeting and relevant government authorities (if necessary), adjust its business scope according to law based on changes in the domestic and foreign markets, business development and its own capabilities, and go through the relevant adjustment procedures as required.

## Chapter 3. Shares

### Section 1. Issuance of Shares

**Article 15.** The shares of the Company are in the form of share certificates. There must, at all times, be ordinary shares in the Company; subject to the approval of the company approval authority authorized by the State Council, the Company may create other classes of shares according to its requirements.

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

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

**Article 17.** The share certificates issued by the Company shall be denominated in Renminbi with a par value of RMB1.00 each.

**Article 18.** Subject to the approval of the securities authority of the State Council, the Company may issue shares to domestic investors and foreign investors.

Foreign investors referred to in the preceding paragraph mean those investors who subscribe for the Company's shares and who are located in foreign countries and in the regions of Hong Kong, Macau and Taiwan. Domestic investors mean those investors who subscribe for the Company's shares and who are located within the territory of the People's Republic of China excluding the regions mentioned above.

**Article 19.** Shares that the Company issues to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares that the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares that are listed overseas shall be referred to as overseas-listed foreign shares.

Foreign currencies referred to in the preceding paragraph mean the lawful currencies (other than Renminbi) of other countries or regions that are recognized by the foreign exchange authority of the PRC and that can be used to pay for the shares subscribed.

Foreign shares issued by the Company that are listed in Hong Kong shall be referred to as H Shares. H Shares are shares that have been approved for listing on the Hong Kong Stock Exchange, the par value of which is denominated in Renminbi, and are subscribed for and traded in Hong Kong dollars.

Both holders of domestic shares and holders of foreign shares are holders of ordinary shares, and have and bear the same rights and obligations in any distribution in the form of dividends or any other form.

Shares issued by the Company but not listed on any stock exchanges in or outside the PRC are known as unlisted shares. Upon the issuance and listing of the Company' shares overseas, subject to the approval by the securities regulatory authority of the State Council, holders of the unlisted shares of the Company may transfer all or part of the shares held by them to foreign investors and have such shares listed and traded on an overseas stock exchange; all or part of the domestic shares may be convertible into foreign shares, and the converted foreign shares may be listed and traded on an overseas stock exchange. The shares transferred or converted as mentioned above shall also be subject to the regulatory procedures, regulations and requirements of the overseas stock exchange if they are listed and traded on the overseas stock exchange. The listing and trading of shares on an overseas stock exchange or the conversion of domestic shares into foreign shares for listing and trading on an overseas stock exchange as mentioned above does not require voting at any general meeting or class meeting.

The domestic shares converted to the overseas-listed foreign shares shall be regarded as the same class of shares as the original overseas-listed foreign shares.

**Article 20.**

The total number of shares issued by the Company on the date of its establishment subject to the approval of the company approval authority authorized by the State Council was 900,000,000 shares, all of which were ordinary shares subscribed by the promoters at the time of its establishment. Details of the number of shares held the promoters and their shareholding percentage are as follows:

No.	Promoter	Number of shares held (shares)	Shareholding percentage	Method of capital contribution	Date of capital contribution
1.	Shanghai Latent Artificial Intelligence Co., Ltd.	483,767,176	53.7518%	Share capital converted from net assets	2020.11.30
2.	Shanghai Changlong Lifescience Technology Co., Ltd.	43,656,710	4.8507%	Share capital converted from net assets	2020.11.30
3.	Shanghai Qingmin Enterprise Management Consultation Center LLP	96,013,252	10.6681%	Share capital converted from net assets	2020.11.30
4.	Shanghai Qinghe Enterprise Management Consultation Center LLP	25,162,653	2.7959%	Share capital converted from net assets	2020.11.30

<b>No.</b>	<b>Promoter</b>	<b>Number of shares held (shares)</b>	<b>Shareholding percentage</b>	<b>Method of capital contribution</b>	<b>Date of capital contribution</b>
5.	Shanghai Qingxing Enterprise Management Consultation Center LLP	31,108,214	3.4565%	Share capital converted from net assets	2020.11.30
6.	Shanghai Maijin Enterprise Management Consultation Center (LLP)	8,876,643	0.9863%	Share capital converted from net assets	2020.11.30
7.	Zhuhai Gao Ling Chongheng Equity Investment LLP	71,972,764	7.9970%	Share capital converted from net assets	2020.11.30
8.	Tianjin Ronghao Enterprise Management LLP	31,987,866	3.5542%	Share capital converted from net assets	2020.11.30
9.	Hainan Biolink Hongjiu Enterprise Management LLP	15,993,963	1.7771%	Share capital converted from net assets	2020.11.30
10.	Tianjin Yuanyi Yuanfu Enterprise Management Center (LLP)	12,795,174	1.4217%	Share capital converted from net assets	2020.11.30
11.	Yifang Huida VC (Guangdong) LLP	5,198,027	0.5776%	Share capital converted from net assets	2020.11.30
12.	Yifang Yida VC (Guangdong) LLP	1,999,238	0.2221%	Share capital converted from net assets	2020.11.30
13.	Shanghai Guofang Weili Enterprise Management LLP	2,798,945	0.3110%	Share capital converted from net assets	2020.11.30
14.	Shanghai Runkun Tianlu Enterprise Management Center (LLP)	1,199,551	0.1333%	Share capital converted from net assets	2020.11.30
15.	Shanghai Science Technology Venture Capital (Group) Co., Ltd.	340,669	0.0379%	Share capital converted from net assets	2020.11.30
16.	Shenzhen Xinlong Investment LLP	5,399,992	0.6000%	Share capital converted from net assets	2020.11.30
17.	Guangdong Yifang Xinda Equity Investment LLP	2,519,991	0.2800%	Share capital converted from net assets	2020.11.30
18.	Huimei Kangwei (Tianjin) Enterprise Management Consultation Partnership (LLP)	3,600,001	0.4000%	Share capital converted from net assets	2020.11.30
19.	Huimei Kangqi (Tianjin) Enterprise Management Consultation Partnership (LLP)	1,799,991	0.2000%	Share capital converted from net assets	2020.11.30



No.	Promoter	Number of shares held (shares)	Shareholding percentage	Method of capital contribution	Date of capital contribution
20.	Zhuhai Gao Ling Jiangheng Equity Investment LLP	1,799,991	0.2000%	Share capital converted from net assets	2020.11.30
21.	Shanghai Heyi Enterprise Management LLP	1,799,991	0.2000%	Share capital converted from net assets	2020.11.30
22.	Shanghai Huaiang Assets Management LLP	1,079,990	0.1200%	Share capital converted from net assets	2020.11.30
23.	Shanghai Yajian Enterprise Management Consultation Center (LLP)	49,129,208	5.4588%	Share capital converted from net assets	2020.11.30
<b>Total</b>		900,000,000	100.00%	—	—

**Article 21.** Pursuant to the approval of the securities regulatory authority of the State Council, the Company issued 36,200,000 overseas-listed foreign shares (without the exercise of the over-allotment option) under the initial public offering.

Upon completion of the initial public offering of its overseas-listed foreign shares, if the over-allotment option is not exercised, the share capital of the Company is comprised of 953,163,831 ordinary shares, including 946,564,288 overseas-listed foreign shares (including 910,364,288 overseas-listed foreign shares converted from unlisted domestic shares) and 6,599,543 domestic shares; if the over-allotment option is exercised in full, the share capital of the Company is comprised of 958,593,831 ordinary shares, including 951,994,288 overseas-listed foreign shares (including 910,364,288 overseas-listed foreign shares converted from unlisted domestic shares) and 6,599,543 domestic shares.

**Article 22.** The Board of Directors of the Company may implement, through separate offerings, the proposals for the issuance of overseas-listed foreign shares and domestic shares as approved by the securities authority of the State Council.

**Article 23.** The Company may implement separately its proposals for the issuance of overseas-listed foreign shares and domestic shares pursuant to the preceding paragraph within fifteen months from the date of approval by the securities authority of the State Council.

**Article 24.** Where the total number of shares stated in the proposal includes issuance of overseas-listed foreign shares and issuance of domestic shares, shares under such issuances should be fully subscribed. If the shares cannot be fully subscribed all at once due to special circumstances, the shares may, subject to the approval of the securities authority of the State Council, be issued in separate tranches.

**Article 25.** Unless otherwise provided by the laws and regulations of the PRC, the securities regulatory authorities in the place where the Company's shares are listed and the Hong Kong Stock Exchange, fully-paid shares of the Company shall be freely transferable and shall also be free from all liens.

Any transfer of shares of the Company shall be conducted in accordance with the applicable laws and regulations of the PRC and relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed and the Hong Kong Stock Exchange.

## **Section 2. Increase, Reduction and Repurchase of Shares**

**Article 26.** Based on its operating and development needs, the Company may, pursuant to the laws and administrative regulations and with the approval by resolution at the general meeting, increase its registered capital in the following ways in accordance with the requirements of the Articles of Association:

- (1) Offer new shares to non-specially-designated investors for subscription;
- (2) Place new shares to existing shareholders;
- (3) Distribute new shares to existing shareholders;
- (4) Issue new shares to specially-designated investors;
- (5) Convert capital reserves into share capital;
- (6) Any other means approved by the laws and regulations of the PRC, the securities regulatory authorities in the place where the Company's shares are listed and the Hong Kong Stock Exchange.

After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of the Articles of Association, it shall be made in accordance with the procedures set out in the relevant laws and administrative regulations of the PRC and the regulatory rules in the place where the Company's shares are listed (including but not limited to the Hong Kong Listing Rules).

**Article 27.** Pursuant to the Articles of Association, the Company may reduce its registered capital.

The reduction in registered capital shall be made by the Company in accordance with the procedures set out in Company Law, other applicable regulations and the Articles of Association.

**Article 28.** The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within ten days from the date of the Company's resolution to reduce registered capital and shall publish an announcement in a newspaper within thirty days from the date of such resolution. A creditor shall have the right to require the Company to repay its debts or to provide a corresponding guarantee for such debts within thirty days from the date it receives the relevant notice or, in the case of a creditor who did not receive such notice, within forty-five days from the date of the relevant announcement.

The Company's registered capital shall not, upon reduction, be less than the minimum amount prescribed by law.

**Article 29.**

The Company may, subject to the procedures set out in the laws, administrative regulations, departmental rules, the regulatory rules in the place where the Company's shares are listed (including but not limited to the Hong Kong Listing Rules) and the Articles of Association, repurchase its outstanding shares under the following circumstances upon the approval of the relevant competent authorities of the PRC:

- (1) Cancellation of its shares for the purpose of reducing its capital;
- (2) Merger with another company which holds the shares of the Company;
- (3) Granting of shares for employee stock option plans or equity incentives;
- (4) Request to the Company to acquire the shares from shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company;
- (5) Use of the shares for the conversion of convertible corporate bonds issued by the listed company;
- (6) As required for maintenance of the corporate value and shareholders' rights and interests of a listed company;
- (7) Any other circumstance prescribed by the laws and regulations of the PRC, the securities regulatory authorities in the place where the Company's shares are listed and the Hong Kong Stock Exchange.

Other than the aforesaid circumstances, the Company shall not engage in any activities for the purchase or sale of its shares.

A resolution shall be adopted at a general meeting before the Company can repurchase its shares by reason of those mentioned in items (1) and (2) in the preceding paragraph; and a resolution shall be adopted by more than two-thirds of the directors present at a meeting of the Board of Directors before the Company can repurchase its shares by reason of those mentioned in items (3), (5) and (6) in the preceding paragraph.

The Company's shares lawfully purchased by the Company pursuant to the first paragraph of this Article shall be cancelled within ten days from the date of acquisition if the shares are purchased for the reason mentioned in item (1); or shall be transferred or cancelled within six months if the shares are purchased for the reasons mentioned in items (2) and (4); or shall be transferred or cancelled within three years if the shares are purchased for the reasons mentioned in items (3), (5) and (6) in which case the total number of the Company's shares held by the Company in aggregate shall not exceed 10% of the total issued shares of the Company.

The Company shall perform its obligations of information disclosure in accordance with the Securities Law of the People's Republic of China and the Hong Kong Listing Rules when it acquires its own shares.

Where the laws and regulations of the PRC, the securities regulatory authorities in the place where the Company's shares are listed and the Hong Kong Stock Exchange have any other provisions in respect of the matters relating to the share buyback, such provisions shall prevail.

**Article 30.** The Company may, upon the approval of the relevant competent authorities of the PRC, repurchase its shares in one of the following ways:

- (1) Making a pro rata general offer of repurchase to all its shareholders;
- (2) Repurchasing through public trading on a stock exchange;
- (3) Repurchasing shares by an off-market agreement outside a stock exchange;
- (4) Any other ways recognized by the laws and regulations of the PRC, the securities regulatory authorities in the place where the Company's shares are listed and the Hong Kong Stock Exchange.

**Article 31.** The Company shall obtain the prior approval of the general meeting in the manner stipulated in the Articles of Association before it repurchase shares by means of an off-market agreement outside a stock exchange. The Company may, by obtaining the prior approval of the general meeting in the same manner, rescind or vary the agreement it has entered into as mentioned above, or waive any of its rights in the agreement.

An agreement for the repurchase of shares referred to in the preceding paragraph includes but is not limited to an agreement in which the Company agrees to assume the obligations to repurchase shares and acquire the right to repurchase shares.

The Company shall not assign an agreement to repurchase its shares or any right provided in such agreement.

**Article 32.** The price of redeemable shares for which the Company has the right to repurchase shall be limited to a maximum price if purchases are not made through the market or by tender. If purchases are made by tender, the tender shall be available to all shareholders on the same terms.

**Article 33.** Where the Company cancels the shares legally repurchased, it shall cancel such portion of shares within the period required by laws, administrative regulations, and the listing rules in the place where the Company's shares are listed, and shall apply for registration for the change in the registered capital with the original company registration authority.

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

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

(1) Where the Company repurchases its shares at par value, payment shall be deducted from the book balance of distributable profits of the Company or from the proceeds from any issue of new shares made for the purpose of the repurchase;

(2) Where the Company repurchases its shares at a premium to its par value, payment up to the par value may be deducted from the book balance of distributable profits of the Company or from the proceeds from any issue of new shares made for the purpose of the repurchase. Payment of the portion in excess of the par value shall be effected as follows:

1. If the shares being repurchased were issued at par value, payment shall be deducted from the book balance of distributable profits of the Company;

2. If the shares being repurchased were issued at a premium to its par value, payment shall be deducted from the book balance of distributable profits of the Company or from the proceeds from any issue of new shares made for the purpose of the repurchase, provided that the amount paid from the proceeds from the issue of new shares shall not exceed the aggregate amount of premiums received by the Company on the issue of the shares repurchased and the book value of the Company's share premium account (or capital reserve account) (including the premiums from the issue of new shares) at the time of the repurchase;

(3) The Company shall make the following payments out of the Company's distributable profits:

1. Acquisition of the right to repurchase its shares;

2. Variation of any contract to repurchase of its shares;
  3. Release of its obligations under any contract to repurchase of its shares.
- (4) After the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant regulations, the amount deducted from the distributable profits for payment of the par value of shares that have been repurchased shall be transferred to the Company's share premium account (or capital reserve account).

Where the laws, regulations, rules and normative documents of the PRC, the securities regulatory authorities in the place where the Company's shares are listed and the Hong Kong Stock Exchange contain any other provisions in respect of the accounting treatment for the aforesaid share repurchases, such provisions shall prevail.

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

**Article 35.** Unless otherwise provided by the laws and regulations of the PRC, and the securities regulatory authorities in the place where the Company's shares are listed and the Hong Kong Stock Exchange, fully-paid shares of the Company shall be free from any restriction on the right of transfer, freely transferable and also free from all liens. Transfer of overseas-listed foreign shares listed in Hong Kong requires registration with the Company's share registrar in Hong Kong.

**Article 36.** All paid-up overseas-listed foreign shares that are listed in Hong Kong are freely transferable pursuant to the Articles of Association. However, the Board of Directors may refuse to recognize any instrument of transfer without the need to provide any reason, unless:

- (1) The fees stipulated by the Hong Kong Stock Exchange in the Hong Kong Listing Rules, which shall not exceed the maximum rate specified in Hong Kong Listing Rules from time to time, have been paid to the Company, and transfer documents of the shares and other documents relating to or affecting the ownership the shares have been registered;
- (2) The instrument of transfer only involves the overseas-listed foreign shares listed in Hong Kong;
- (3) The stamp duty payable on the transfer instrument has been paid;
- (4) The relevant share certificates and evidence reasonably required by the Board of Directors showing that the transferor has the right to transfer such shares shall be provided;
- (5) If the shares are to be transferred to joint holders, the number of joint holders shall not exceed four;

- (6) The Company does not have any lien over the relevant shares; and
- (7) Shares shall not be transferred to minors or persons of unsound mind or affected by other forms of legal incapacity.

If the Company refuses to register any transfer of shares, it shall provide the transferor and the transferee with a notice of refusal in relation to registration of share transfer within two months from the formal application for such registration.

**Article 37.** All H Shares shall be transferred by way of written transfer instrument in standard or general form, or any other format acceptable to the Board of Directors (including the standard transfer format or form of transfer as prescribed from time to time by the Hong Kong Stock Exchange). A written transfer document may be signed by hand or by the valid seal of the company (where the transferor or transferee is a company). In the event that the transferor or transferee is a recognized clearing house (“Recognized Clearing House”) as defined under the relevant ordinances in effect from time to time in the laws of Hong Kong or its agent, the written transfer document may be signed by hand or in a machine-printed form.

All the transfer documents shall be kept at the legal address of the Company or an address designated by the Board from time to time.

**Article 38.** Shares of the Company held by the promoters shall not be transferred for a period of one year after the Company’s establishment.

Each of the directors, supervisors and senior management of the Company shall declare to the Company the number of shares of the Company he or she holds and the subsequent changes in the shareholding. The number of shares that such person may transfer every year during his or her terms of office shall not exceed 25% of the total number of the Company’s shares held by him or her. Such person shall not transfer the Company’s shares held within half a year after he or she ceased to serve the Company.

## **Chapter 4. Financial Assistance for Acquisition of Shares of the Company**

**Article 39.** The Company or its subsidiaries shall not, at any time, provide any kind of financial assistance to a person who acquires or intends to acquire shares of the Company. The aforesaid person acquiring shares of the Company includes a person who has directly or indirectly incurred any obligations as a result of the acquisition of shares of the Company.

The Company or its subsidiaries shall not, by any means at any time, provide financial assistance to the aforesaid person for the purpose of reducing or discharging his or her obligations.

This Article shall not apply to the circumstances specified in Article 41 hereof.

**Article 40.** The financial assistance referred to in this Chapter includes, but is not limited to, the following:

- (1) Gifts;
- (2) Guarantees (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), indemnity (other than indemnity arising from the Company's own default), or release or waiver of any rights;
- (3) Provision of loans or any entering into other agreements under which the obligations of the Company are to be fulfilled before the obligations of another party, and a change in parties to, or the assignment of rights arising under, such loan or agreement;
- (4) Any other kind of financial assistance provided by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

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

**Article 41.** The following acts shall not be deemed to be acts as prohibited by Article 39 hereof:

- (1) The provision of the financial assistance by the Company where the financial assistance is given in good faith in the interests of the Company, and the principal purpose of which is not for the acquisition of shares of the Company, or the giving of financial assistance is an incidental part of a master plan of the Company;
- (2) The lawful distribution of the Company's assets as dividends;
- (3) The allotment of bonus shares as dividends;
- (4) The reduction of registered capital, repurchase of shares or reorganization of share capital structure of the Company effected in accordance with the Articles of Association;



- (5) The lending of money by the Company within its scope of business and in the ordinary course of its business, provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is provided from the distributable profits of the Company;
- (6) The contributions made by the Company to the employee stock option plans, provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is provided from the distributable profits of the Company.

## **Chapter 5. Share Certificates and Register of Members**

**Article 42.** Share certificates of the Company shall be in registered form. In addition to those provided in Company Law, a share certificate of the Company shall also contain any other items required to be specified by the stock exchange on which the shares of the Company are listed.

Where the share capital of the Company includes shares that do not carry voting rights, the words “non-voting” must appear on the name of such shares. Where the share capital includes shares with different voting rights, the name of each class of shares, other than those with the most favorable voting rights, must include the words “restricted voting” or “limited voting”.

The H Shares issued by the Company may take the form of overseas depositary receipts or other derivative forms of shares pursuant to the laws in Hong Kong, requirements of the Hong Kong Stock Exchange or practices for registration and deposit of securities.

**Article 43.** During the time the Company’s H Shares remain listed on the Hong Kong Stock Exchange, the Company shall ensure that all listing documents relating to its securities listed on the Hong Kong Stock Exchange include the statements stipulated below, and shall instruct and procure its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder submits to the share registrar a signed form in respect of such shares which bear statements to the following effect:

- (1) The acquirer of the shares agrees with the Company and each shareholder of the Company, and the Company agrees with each shareholder to observe and comply with relevant laws and regulations such as the Company Law and the Special Regulations as well as the Articles of Association.

- (2) The acquirer of the shares agrees with the Company, each shareholder, director, supervisor, general manager and other senior management of the Company, and the Company acting for itself and for each director, supervisor, general manager and other senior management agrees with each shareholder to refer all disputes and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws or administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any referral to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award. The resolution of arbitration shall be final and conclusive.
- (3) The acquirer of shares agrees with the Company and each shareholder of the Company that shares of the Company are freely transferable by the holder thereof.
- (4) The acquirer of shares authorizes the Company to enter into a contract on his or her behalf with each director and senior management whereby such directors and senior management undertake to observe and perform with their obligations to shareholders stipulated in the Articles of Association.

**Article 44.**

The share certificates shall be signed by the chairman of the Board of Directors. Where the stock exchange on which the Company's shares are listed requires the share certificates to be signed by other senior management of the Company, the share certificates shall also be signed by other relevant senior management. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The share certificates shall only be affixed with the Company's seal under the authorization of the Board of Directors. The signature of the chairman of the Board of Directors or other relevant senior management of the Company on the share certificates may also be in printed form.

In the event of paperless issuance and trading of the shares of the Company, other requirements stipulated by the securities regulatory authorities and stock exchanges in the places where the Company's shares are listed shall apply.

**Article 45.**

The Company shall keep a register of members according to the certificates provided by the securities registration authority and register the following particulars, or shall register shareholders in accordance with the laws and regulations of the PRC and relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed and the Hong Kong Stock Exchange:

- (1) The name, address (residence), occupation or nature of each shareholder;
- (2) The class and number of shares held by each shareholder;

- (3) The amount paid or payable in respect of shares held by each shareholder;
- (4) The serial numbers of the shares held by each shareholder;
- (5) The date on which each shareholder was registered as a shareholder;
- (6) The date on which each shareholder ceased to be a shareholder.

The register of members shall be the sufficient evidence for the shareholders' shareholding in the Company, unless there is evidence to the contrary.

**Article 46.**

Subject to compliance with the Articles of Association and all other applicable requirements and upon transfer of the Company's shares, the transferees of the shares will become the holders of such shares with their names being entered in the register of members.

The transfer documents and other documents relating to or affecting the title to any overseas-listed shares shall be registered and where any fees are charged for such registration, such fees shall be based on the requirements of the Hong Kong Stock Exchange.

Where two or more persons are registered as joint holders of any share, they shall be deemed as joint owners of such share and subject to the following restrictions:

- (1) Where power is granted to limit the number of shareholders in a joint account, the maximum number of shareholders to be registered as joint holders shall be restricted to four;
- (2) All joint holders of any share shall jointly and severally assume obligation for all amounts payable for relevant shares;
- (3) If one of the joint holders dies, only the surviving joint holders shall be deemed by the Company as having ownership of the relevant shares. However, the Board of Directors shall have the right, for the purpose of making amendments to the register of members, to demand the death certificate of such holder it deems appropriate; and
- (4) In the event of there being joint holders of any share, any of them may attend a general meeting of the Company or exercise the voting rights of the shares (regardless of attendance in person or by proxy). In the event of more than one joint holder attending the general meeting in person or by proxy, only the attendee whose name appears first in the register of members among such joint holders is entitled to vote for such shares, receive notice from the Company, and attend or exercise all of the voting rights relating to the shares at the general meetings of the Company, and the service of notice to the aforesaid person shall be deemed as service of notice to all joint holders of the relevant shares.

Where one of the joint holders delivers receipt to the Company as regards to any dividends, bonus or return of capital which shall be distributed to such joint holders, such receipt shall be deemed as valid receipt from such joint holders to the Company.

**Article 47.** The Company may, in accordance with the memorandum of understanding and agreements between the securities authority of the State Council and overseas securities regulatory authorities, maintain its original copy of the register of holders of overseas-listed foreign shares outside China and entrust an overseas agent to maintain such register. The original copy of the register of holders of overseas-listed foreign shares listed in Hong Kong shall be kept in Hong Kong. The Company can, by notice given in accordance with the relevant provisions of the Hong Kong Listing Rules and the Hong Kong Companies Ordinance, close the register of members relating to the class of shares for a period or periods not exceeding in the aggregate 30 days in any one year.

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

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

**Article 48.** The Company shall maintain a complete register of members. The register of members shall include the following parts:

- (1) The register of members kept at the Company's corporate domicile (other than those registers of members as described in items (2) and (3) of this paragraph);
- (2) The register of members of overseas-listed foreign shares of the Company kept at the place where the overseas stock exchange on which the shares are listed is located;
- (3) The register of members kept at such other place as the Board of Directors may deem necessary for the purpose of listing of the Company's shares.

**Article 49.** Different parts of the register of members shall not duplicate one another. No transfer of the shares registered in any part of the register of members shall, during the continuance of that registration, be registered in any other part of the register.

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

**Article 50.** Where the laws and regulations of the PRC, the laws and regulations of the place where the Company's shares are listed and the listing rules of the stock exchange stipulate on occasions when no change of registration of the register of shareholders shall be conducted prior to a general meeting or the record date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

**Article 51.** Where the Company convenes a general meeting, distributes dividends, liquidates or carries out other activities that require the determination of shareholding, the Board of Directors or a convener of the general meeting shall set a record date for determination of shareholding. Upon the close of such date, shareholders whose names appear in the register of members shall be deemed as the shareholders of the Company.

**Article 52.** Any person who requests to have his or her name entered in, or removed from, the register of members may apply to the relevant court with jurisdiction for rectification of the register of members.

**Article 53.** Any shareholder who is registered in, or any person who requests to have his or her name entered in, the register of members may, if his or her share certificates (the "Original Certificates") are lost, apply to the Company for a replacement share certificate in respect to such shares (the "Relevant Shares").

If a holder of domestic shares loses his or her share certificates and applies for their replacement, such matter shall be dealt with in accordance with the relevant requirements of the Company Law.

If a holder of overseas-listed foreign shares loses his or her share certificates and applies for their replacement, such matter may be dealt with in accordance with the laws, the rules of the stock exchange, as well as other relevant regulations of the place where the original copy of the register of holders of overseas-listed foreign shares is kept.

If a holder of overseas-listed foreign shares of a company listed in Hong Kong loses his or her share certificates and applies for their replacement, the issue of replacement certificates to that holder shall comply with the following requirements:

- (1) The applicant shall submit an application in standard form as prescribed by the Company accompanied by a notarial document or statutory declaration. The notarial document or statutory declaration shall specify the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as a statement declaring that no other person shall be entitled to request to be registered as the shareholder in respect of the Relevant Shares.
- (2) No statement has been received by the Company from any person other than the applicant for having his or her name registered as a holder of the Relevant Shares before the Company came to a decision to issue the replacement certificates.
- (3) The Company shall, if it decides to issue a replacement certificate to the applicant, make an announcement of its intention to issue the replacement certificate in such newspapers designated by the Board of Directors. The announcement shall be made at least once every thirty days over a period of ninety days.
- (4) The Company shall, prior to the publication of the announcement of its intention to issue a replacement certificate, deliver to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from the stock exchange that the announcement has been exhibited at its premises. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety days.

In case an application to issue a replacement certificate has been made without the consent of the registered holder of the Relevant Shares, the Company shall send by post to such registered holder a copy of the announcement to be published.

- (5) If, upon expiration of the ninety-day period for announcement and exhibition referred to in items (3) and (4) of this Article, the Company has not received from any person any objection to the issuance of replacement certificates, the Company may issue replacement certificates to the applicant according to his or her application.
- (6) Where the Company issues a replacement certificate under this Article, it shall forthwith cancel the Original Certificate and enter the cancellation and replacement matters in the register of members accordingly.

- (7) All expenses relating to the cancellation of an Original Certificate and the issuance of a replacement certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable undertaking is provided by the applicant therefor.

**Article 54.** Where the Company issues a replacement certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforesaid replacement certificate or a shareholder who thereafter registers as the owner of such shares (in the case where he or she is a bona fide purchaser) shall not be removed from the register of members.

**Article 55.** The Company shall not be liable to any person for any damages caused by the cancellation of the Original Certificate or the issuance of the replacement certificate, unless the claimant is able to prove that the Company has acted fraudulently.

## **Chapter 6. Rights and Obligations of Shareholders**

**Article 56.** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of members.

A shareholder shall enjoy rights and assume obligations according to the class and numbers of shares held by that shareholder. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

The Company shall set up a register of members in accordance with the Company Law and other relevant requirements and the Articles of Association. The register of members shall be the sufficient evidence proving the shareholders' holding of the Company's shares.

The Company shall manage the register of members in accordance with the Company law and other laws, administrative regulations and requirements of relevant regulatory authorities.

**Article 57.** Holders of ordinary shares of the Company shall have the following rights:

- (1) The right to receive dividends and other distributions in proportion to the number of shares held;
- (2) The right to request, convene, preside over, attend and vote in person or appoint a proxy to attend and vote correspondingly on their behalf at general meetings in accordance with the laws;
- (3) The right to supervise the Company's operations, and to put forward proposals or raise enquiries;

- (4) The right to transfer, gift or pledge the shares held in accordance with the laws, administrative regulations and the Articles of Association;
- (5) The right to obtain the relevant information in accordance with the Articles of Association, including:
  1. A copy of the Articles of Association upon payment of a reasonable fee;
  2. The right to inspect and copy upon payment of a reasonable fee;
    - (1) The complete register of shareholders;
    - (2) Personal particulars of directors, supervisors, general manager and other senior management of the Company;
      - (a) present and former name and alias;
      - (b) principal address (place of residence);
      - (c) nationality;
      - (d) full-time jobs and all other part-time jobs and positions;
      - (e) identification documents and the numbers thereof;
    - (3) The status of the Company's share capital;
    - (4) The Company's latest audited financial statements and the reports of the Board of Directors, auditors and the Supervisory Committee;
    - (5) The special resolutions of the Company;
    - (6) Reports showing the aggregate par value, quantity, highest and lowest prices paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose (with a breakdown between domestic shares and foreign shares);
    - (7) A copy of the latest annual inspection report filed with the competent administration for industry and commerce or other competent authorities;
    - (8) Minutes of general meetings.



The Company shall publish the above documents in item (3)–(7) in the paragraph (2) above and any other applicable documents on the website of the Hong Kong Stock Exchange and website of the Company. The Company shall place the above documents in item (1) and (8) in the paragraph (2) above at the designated address in Hong Kong for inspection by the public and shareholders free of charge, the minutes of general meetings which are available for inspection by shareholders only.

Subject to the applicable laws, regulations and regulatory rules in the place where the Company's shares are listed; the Company may refuse to provide any information for inspection or copying which involves trade secrets of and insider information relating to the Company and personal privacy of relevant personnel.

- (6) In the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in proportion to the number of shares held;
- (7) With respect to shareholders who voted against any resolution adopted at a general meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them;
- (8) Shareholders individually or jointly holding more than 3% of the Company's shares is entitled to make a provisional motion in writing to the Board of Directors ten days before the date of the general meeting;
- (9) Any other rights prescribed by laws, administrative regulations, departmental rules, regulatory rules in the place where the Company's shares are listed or the Articles of Association.

**Article 58.** If any resolution of the general meeting or the Board of Directors of the Company violates the laws or administrative regulations, the shareholders shall have the right to request the people's court to invalidate the resolution.

If the convening procedure or voting method of the general meetings or meetings of the Board of Directors violates the laws, administrative regulations or the Articles of Association, or if the contents of a resolution contravene the Articles of Association, the shareholders shall have the right to request the people's court to rescind such resolution within sixty days after passing the resolution.

**Article 59.** Holders of ordinary shares of the Company shall assume the following obligations:

- (1) To abide by laws, administrative regulations and the Articles of Association;
- (2) To pay subscription monies according to the number of shares subscribed and the method of subscription;

- (3) Not to surrender the shares unless required by laws or administrative regulations;
- (4) Not to abuse the shareholders' rights to prejudice the interests of the Company or other shareholders; not to abuse the status of the Company as an independent legal person or the limited liability of the shareholders to prejudice the interests of any creditors of the Company;

Where any shareholder of the Company abuses the shareholders' rights and incurs losses to the Company or other shareholders, such shareholder shall be liable for the damages according to the law;

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

- (5) Other obligations imposed by laws, administrative regulations, regulatory rules in the place where the Company's shares are listed and the Articles of Association.

Unless otherwise specified, shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscribers of the relevant shares on subscription.

**Article 60.**

In addition to the obligations imposed by the laws and regulations of the PRC, the securities regulatory authorities in the place where the Company's shares are listed and the Hong Kong Stock Exchange, a controlling shareholder, when exercising the shareholders' rights, shall not exercise his or her voting rights in respect of the following matters in a manner prejudicial to the interests of all or some of the shareholders:

- (1) To relieve a director or supervisor of his or her duty to act honestly in the best interests of the Company;
- (2) To approve the directors or supervisors (for their own account or for the account of other parties) to deprive the Company of its assets in any manner, including, but not limited to, any opportunity favorable to the Company;
- (3) To approve the directors or supervisors (for their own account or for the account of other parties) to deprive another shareholder of his or her individual interests, including but not limited to any allocation right and voting right, but excluding any corporate restructuring proposal made at the general meeting in accordance with the Articles of Association.

**Article 61.** For the purposes of the Articles of Association, a “controlling shareholder” means a shareholder who satisfies any one of the following conditions:

- (1) Any person acting on his or her own or in concert with other parties has the power to elect more than half of the directors;
- (2) Any person acting on his or her own or in concert with other parties who has the power to exercise or control the exercise of more than 30% of the voting rights of the Company;
- (3) Any person acting on his or her own or in concert with other parties who holds more than 30% of the outstanding shares of the Company;
- (4) Any person acting on his or her own or in concert with other parties who has actual control over the Company in any other manner;
- (5) Other persons as stipulated by the relevant laws, administrative regulations or the listing rules in the place where the Company’s shares are listed.

## **Chapter 7. General Meetings**

### **Section 1. General Provisions for General Meetings**

**Article 62.** The general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the law:

- (1) To decide the Company’s operational directions and investment plans;
- (2) To elect and replace directors and supervisors who are not staff representatives and to determine matters relating to the remuneration of the directors and supervisors;
- (3) To consider and approve the reports of the Board of Directors;
- (4) To consider and approve the reports of the Supervisory Committee;
- (5) To consider and approve the Company’s annual financial budgets and final accounts;
- (6) To consider and approve the Company’s profit distribution plans and loss recovery plans;
- (7) To make resolutions on increase or reduction of the Company’s registered capital;
- (8) To make resolutions on the issue of debentures, any class of shares, warrants and other similar securities by the Company;

- (9) To make resolutions on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (10) To amend the Articles of Association;
- (11) To consider and approve the motions put forward by shareholders individually or jointly holding more than 3% of the Company's shares with voting rights;
- (12) To make resolutions on the appointment, re-appointment or dismissal of the accounting firms;
- (13) To consider and approve the guarantees requiring the approval of the general meeting;
- (14) To consider and approve the matters in relation to purchase or disposal of material assets or provision of guarantee by the Company of a value exceeding 30% of the Company's total assets within one year;
- (15) To consider share incentive plans;
- (16) To consider other matters which are required to be determined at the general meeting as required by laws, administrative regulations, departmental rules and the Articles of Association;
- (17) Any other matters as required by the listing rules of the stock exchange on which the Company's shares are listed.

The aforesaid matters within the scope of duties and powers of the general meeting shall be considered and resolved by the general meeting, but may resolved by the Board of Directors under the authorization of the general meeting. For any authorization granted to the Board of Directors by the general meeting, the matter involved shall be approved by shareholders (including their proxies) representing more than one-half of the voting rights present at the general meeting if it constitutes an ordinary resolution, or by shareholders (including their proxies) representing more than two-thirds of the voting rights present at the general meeting if it constitutes a special resolution. The contents of the authorization shall be clearly specified in details.

**Article 63.**

The provision of any external guarantee by the Company shall be considered and approved by the Board of Directors. The guarantee offered by the Company to a shareholder or de facto controller of the Company shall be approved at a general meeting.

When the general meeting is considering a resolution on provision of guarantee to any shareholder or de facto controller, the said shareholder or the shareholder(s) controlled by the said de facto controller shall abstain from voting on such resolution, and the resolution shall be subject to approval by other shareholders representing more than half of the voting rights present at the general meeting.

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

**Article 64.** The Company shall not, without the prior approval of the general meeting, enter into any contract with any party (other than the directors, supervisors, general manager and other senior management) pursuant to which such party shall be in charge of management of all of the Company's businesses or the Company's major businesses.

**Article 65.** A general meeting shall either be an annual general meeting or an extraordinary general meeting. Annual general meetings shall be held once every year and within six months from the conclusion of the preceding accounting year.

Extraordinary general meetings shall be convened as and when necessary. The Board of Directors shall convene an extraordinary general meeting within two months from the occurrence of any of the following circumstances:

- (1) When the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Articles of Association;
- (2) When the unrecovered losses of the Company amount to one-third of the total amount of its paid-in share capital;
- (3) When any shareholder individually or jointly holding more than 10% of the Company's shares requests in writing to do so;
- (4) When deemed necessary by the Board of Directors or when proposed by the Supervisory Committee;
- (5) When proposed by two or more of independent non-executive directors;
- (6) Any other circumstance prescribed by the laws and regulations of the PRC, the securities regulatory authorities and the stock exchange in the place where the Company's shares are listed.

In any of the circumstances referred to in items (3), (4) and (5) above, the matter for consideration proposed by the party requesting the convening of the extraordinary general meeting shall be included in the agenda of such meeting.

## **Section 2. Convening, Proposal and Notice of General Meeting**

**Article 66.** General meetings are convened by the Board of Directors in accordance with laws.

**Article 67.** Shareholders requesting the convening of extraordinary general meetings or class meetings shall follow the procedures listed below:

- (1) Shareholders individually or jointly holding more 10% of the shares carrying voting rights at the meeting sought to be held may sign one or more written requests of identical form and content requesting the Board of Directors to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting. The Board of Directors shall convene an extraordinary general meeting or a class meeting as soon as possible after having received the aforesaid written request. The abovementioned shareholding shall be calculated as of the day on which the written request is made.
- (2) If the Board of Directors disagrees with the convening of the extraordinary general meeting or class meeting or fails to issue a notice of convening such meeting within thirty days upon receipt of such written request, the shareholders who made such request may request the Supervisory Committee to convene the extraordinary general meeting or class meeting.
- (3) If the Supervisory Committee disagrees with the convening of the extraordinary general meeting or class meeting or fails to issue a notice of convening such meeting within thirty days upon receipt of such written request, shareholders, for more than ninety consecutive days, individually or jointly holding more than 10% of the shares carrying voting rights at the meeting sought to be held may convene the meeting of their own accord within four months upon the Board of Directors having received such request. The convening procedures shall, to the greatest extent possible, be identical to procedures according to which general meetings are to be convened by the Board of Directors.

All reasonable expenses incurred for such meeting convened by the shareholders as a result of the failure of the Board of Directors to convene a meeting at the above requests shall be borne by the Company and deducted from the amount owed by the Company to the delinquent directors.

**Article 68.** When the Company convenes a general meeting, the Board of Directors, the Supervisory Committee and shareholders individually or jointly holding more than 3% of the shares of the Company shall be entitled to propose resolutions to the Company.

Shareholders individually or jointly holding more than 3% of the shares of the Company may propose and submit new provisional resolutions in writing to the convener ten days prior to the general meeting. The convener of the general meeting shall issue a supplemental notice of general meeting to announce the contents of the provisional proposals and notify other shareholders within two days after the receipt of such resolutions and incorporate the matters falling within the scope of duties of the general meeting into the agenda of such meeting for the consideration.

Save as specified in the preceding paragraph, the convener shall not change the resolutions set out in the notice of general meeting or add any new resolutions after the said notice is served.

Resolutions not set out in the notice of general meeting or not complying with the Articles of Association shall not be voted or resolved at the general meeting.

**Article 69.** Resolutions for a general meeting shall comply with the following conditions:

- (1) The contents are not in conflict with the provisions of laws, regulations and the Articles of Association, and are within the scope of business of the Company and within the scope of duties and powers of the general meeting;
- (2) The matters have definite topics and specific resolutions;
- (3) The resolutions are submitted to the Board of Directors in writing.

**Article 70.** Where the Company is to convene an annual general meeting, it shall send written notice twenty-one days (excluding the date of issue of notice and the date of meeting) prior to the date of the meeting; when the Company is to convene an extraordinary general meeting, it shall send written notice fifteen days (excluding the date of issue of notice and the date of meeting) prior to the date of the meeting. Where the laws and regulations of the PRC, the securities regulatory authorities and the stock exchange in the place where the Company's shares are listed have other provisions, such provisions shall prevail.

Unless otherwise provided by the laws and regulations of the PRC, the securities regulatory authorities and the stock exchange in the place where the Company's shares are listed, and the Articles of Association, the notice of general meeting shall be delivered by hand or prepaid mail to the shareholders (whether or not such shareholders have a voting right at the general meeting). The address of the recipient shall be the address registered in the register of members; or shall be published on the website of the Company or the designated website of the stock exchange where the Company's shares are listed subject to applicable laws and regulations and the listing rules in the place where the Company's shares are listed. For the holders of domestic shares, notice of the general meeting may be issued by way of public announcement.

The announcement mentioned in the preceding paragraph shall be published on one or more newspapers designated by the securities regulatory authority under the State Council within twenty-one days prior to the annual general meeting (excluding the date of issue of notice and the date of meeting) and fifteen days prior to the extraordinary general meeting (excluding the date of issue of notice and the date of meeting), and upon such announcement, all shareholders of domestic shares shall be deemed to have received the notice of the general meeting.

Subject to the requirements of laws, administrative regulations, departmental rules and the regulatory rules of the place where the shares of the Company are listed and after the performance of the relevant procedures, delivery of notice of general meeting to holders of overseas-listed shares may be made by means of publication on the website of the Hong Kong Stock Exchange and website of the Company. Upon the publication of the announcement, all holders of overseas-listed shares shall be deemed to have received the notice of the relevant general meeting.

**Article 71.** An extraordinary general meeting shall not transact business not stated in the notice of meeting.

**Article 72.** Notice of the general meeting shall:

- (1) be given in writing;
- (2) specify the time, place and date of the meeting;
- (3) set out the matters to be considered at the meeting;
- (4) provide shareholders with such information and explanation as necessary for them to make informed decisions on the matters to be considered. This principle includes, but is not limited to, a merger proposal, share repurchase, share capital restructuring or other restructuring. The specific terms and contract (if any) of the proposed transaction shall be provided, and the cause and effect of such proposal shall be properly explained;



- (5) disclose the nature and extent of the material conflict of interest, if any, of any director, supervisor, general manager and other senior management in the matters to be considered; and provide an explanation of the differences, if any, between the way in which the matter to be considered will affect such director, supervisor, general manager and other senior management in his or her capacity as shareholders and the way in which such matter will affect other shareholders of the same class;
- (6) contain the full text of any special resolution proposed to be passed at the meeting;
- (7) contain a clear statement that a shareholder entitled to attend and vote has the right to appoint one or more proxies to attend and vote on his or her behalf and that such proxy need not be a shareholder of the Company;
- (8) specify the time and place for lodging proxy forms for the relevant meeting;
- (9) other matters stipulated by laws, administrative regulations and normative documents.

**Article 73.** The accidental omission to give notice of the meeting to, or the non-receipt of notice of the meeting by, any person entitled to receive notice shall not invalidate the meeting or the resolutions passed at the meeting.

### **Section 3. Convening of, Voting at and the Passing of Resolutions at General Meetings**

**Article 74.** All shareholders registered on the record date or their proxies shall be entitled to attend the general meeting of shareholders and to exercise their voting rights in accordance with relevant laws, regulations and the Articles of Association.

Any shareholder who is entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one or more persons (not necessarily a shareholder(s)) as his or her proxy(ies) to attend and vote on his or her behalf. The proxy(ies) so appointed may exercise the following rights pursuant to the authorization from such shareholder:

- (1) such shareholder's right to speak at the meeting;
- (2) the right to demand a poll alone or jointly with others;
- (3) the right to vote by hand or on a poll, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll, unless otherwise provided by the laws and regulations of the PRC, the securities regulatory authorities and the stock exchange in the place where the Company's shares are listed.

**Article 75.** If an individual shareholder attends the meeting in person, he or she shall show his or her ID card or other valid documents or certificates indicating his or her identity, and the stock account card; if a proxy attends the meeting, he or she shall show his or her valid ID card and the shareholder's proxy form. Corporate shareholders shall attend the meeting through the legal representative or the proxy appointed by the legal representative. If the legal representative attends the meeting, he or she shall present his or her ID card, and a valid certificate that proves his or her status as the legal representative; if the proxy attends the meeting, the proxy shall present his or her ID card, and a written proxy form issued by the legal representative of the corporate shareholder in accordance with the law (except for Recognized Clearing House or its agent).

**Article 76.** Shareholders shall entrust their proxies by written instruments, which shall be made under the hand of the appointer or his or her agent entrusted in writing. Where the appointer is a legal person, the instrument shall be made additionally under the seal of a legal person or under the hand of its director or duly authorized agent.

**Article 77.** The proxy form shall be deposited at the address of the Company or such other place specified in the notice of the meeting not less than twenty-four hours prior to the meeting at which the proxy is authorized to vote or twenty-four hours prior to the designated voting time. Where the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization instruments shall be notarized. The notarized power of attorney or other authorization instruments, together with the proxy form, shall be lodged at the address of the Company or such other place as specified in the notice of the meeting.

Where the appointer is a legal person, its legal representative or other persons authorized by the resolutions of the Board of Directors or other decision-making body shall be entitled to attend the general meeting of the Company as a representative of the appointer.

Where such shareholder is a Recognized Clearing House (or its nominee), it may authorize one or more persons as it deems fit to act as its representative(s) at any general meeting or any class meeting, provided that, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect of which person is so authorized. The power of attorney shall be signed by a person authorized by the Recognized Clearing House. The authorized persons may attend meetings (without presenting proof of shareholding, notarized authorization and/or further evidence to prove they have obtained official authorization) and exercise rights set forth in Article 74 on behalf of the Recognized Clearing House (or its agent), as if the persons are individual shareholders of the Company.

Under the Hong Kong Listing Rules, if such shareholder is Recognized Clearing House (or its nominee), Recognized Clearing House is entitled to appoint proxies or corporate representatives to attend meetings of the company's creditors, and such proxies or corporate representatives have the same statutory rights as other shareholders, including the right to speak and vote.

**Article 78.** Any form issued to a shareholder by the Board of Directors of the Company for appointing a proxy of shareholder shall allow the shareholder to freely instruct the proxy to cast vote and to give separate instructions on each matter to be voted at the meeting. Such a form shall contain a statement that the proxy may vote as he or she deems fit in the absence of the shareholder's instruction.

Save as provided above, the aforesaid proxy form shall also contain the following: number of shares represented by, and name of, the proxy; whether voting power is granted to the proxy; whether the proxy is entitled to votes for the interim proposals that may be included in the agenda of the general meeting; specific instruction of voting if voting power is granted; date of appointing a proxy and the effective period for such appointment. Where a shareholder appoints more than one proxy, he or she shall specify the number of shares represented by each proxy in the proxy form.

Where the general meeting is attended by proxy, he or she shall produce his or her identification proof and letter of authorization signed by the appointer or its legal representative. Where a corporate shareholder appoints its legal representative to attend the meeting, the legal representative shall produce his or her identification proof and the notarized copy of the resolution appointing the said legal representative of the board of directors or other authority of the legal person or other certified copy permitted by the Company (except for the Recognized Clearing House or its nominee).

**Article 79.** Where the appointer has died, became incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to voting, so long as no written notice of such event has been received by the Company before the meeting, a vote given by the proxy in accordance with the power of attorney shall remain valid.

**Article 80.** A general meeting shall be convened and presided over by the chairman of the Board of Directors. If the chairman of the Board of Directors is unable or fails to perform his or her duties, the Board of Directors shall designate a director of the Company to convene and preside over the meeting. If no meeting chairman has been so designated, the attending shareholders shall elect one person to chair the meeting. If for any reason the shareholders fail to elect a meeting chairman, the shareholder (including his or her proxy) attending the meeting and holding the largest number of shares with voting rights shall chair the meeting.

If the chairman of the Board of Directors is unable or fails to perform his or her duties, the Supervisory Committee shall convene and preside over the meeting in a timely manner. If the Supervisory Committee fails to convene or preside over the meeting, the shareholders individually or jointly holding more than 10% of the shares of the Company for over ninety consecutive days may convene and preside over the meeting on their own initiative.

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

The general meeting convened by shareholder(s) itself or themselves shall be presided over by a representative elected by the convener. If no chairman is so elected, the attending shareholders shall elect one person to act as the chairman of the meeting. If for any reason the shareholders fail to elect a meeting chairman, the shareholder (including his or her proxy) attending the meeting and holding the largest number of shares with voting rights shall chair the meeting.

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

**Article 81.**

Resolutions of general meetings are classified as ordinary resolutions and special resolutions.

Ordinary resolutions of the general meeting shall be passed by more than one-half of the voting rights represented by the shareholders (including their proxies) present at the meeting.

Special resolutions of the general meeting shall be passed by more than two-thirds of the voting rights represented by the shareholders (including their proxies) present at the meeting.

Shareholders (including their proxies) attending the meeting shall vote in favour of or against each matter which has been put to vote at the meeting. Blank, wrong, illegible or uncast votes shall be deemed as the voters' waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as "abstentions". The abstention vote shall be regarded as valid votes when the Company counts the votes in respect of the relevant matter.

**Article 82.** Shareholders (including their proxies) shall exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share entitles the shareholder one voting right at the general meeting.

For any connected transaction to be considered at a general meeting, connected shareholders shall abstain from voting on such connected transactions if required by the applicable laws, regulations or the listing rules of the stock exchange on which the shares of the Company are listed, and the number of shares represented by such shareholders carrying voting rights shall not be counted into the total valid votes. The announcement of any resolution made at the general meeting shall adequately disclose information relating to voting by non-connected shareholders.

Where any shareholder is, under the applicable laws and regulations and the regulatory rules of the place where the Company's shares are listed (including the Hong Kong Listing Rules), required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 83.** Unless the following people request to vote by ballot before or after voting by show of hands, the general meeting shall vote by show of hands:

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

Unless a poll is demanded, the announcement by the chairman that whether the proposals have been passed based on the results of voting by a show of hands and the recording of such in the minutes shall be conclusive evidence. There is no need to provide evidence of the number or proportion of votes in favor of or against such resolution at the meeting.

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

Where the laws and regulations of the PRC, the securities regulatory authorities in the place where the Company's shares are listed and the Hong Kong Stock Exchange have other provisions regarding the voting method, such provisions shall prevail.

- Article 84.** A poll demanded on such matters as the election of chairman or the adjournment of the meeting shall be taken immediately. A poll demanded on any other matter shall be taken at such time as the chairman deems appropriate, and the meeting may proceed to discuss other matters. The results of the poll to be taken shall still be deemed to be a resolution passed at that meeting.
- Article 85.** On a poll taken at a meeting, a shareholder (including his or her proxy) entitled to two or more votes need not cast all his or her votes in the same way.
- Article 86.** In the case of an equality of votes, whether by a show of hands or by poll, the chairman of the meeting has a casting vote.
- Article 87.** The following matters shall be resolved by way of ordinary resolutions at a general meeting:
- (1) Work reports of the Board of Directors and the Supervisory Committee;
  - (2) Profit distribution plans and loss recovery plans prepared by the Board of Directors;
  - (3) Appointment or removal of members of the Board of Directors and the Supervisory Committee (except for staff representative supervisors), and their remuneration and method of payment thereof;
  - (4) The Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements;
  - (5) Any matters other than those required by the laws, administrative regulations, regulatory rules of the place where the Company's shares are listed and the Articles of Association to be approved by special resolution.
- Article 88.** The following matters shall be approved by special resolutions at a general meeting:
- (1) Increase or reduction of the registered capital, and issue of any class of shares, warrants and other similar securities of the Company;
  - (2) Issuance of debentures of the Company;
  - (3) Division, merger, dissolution, liquidation or change of corporate form of the Company;
  - (4) Amendments to these Articles of Association;
  - (5) Purchase or disposal of material assets or provision of guarantee by the Company within a year of a value exceeding 30% of the Company's latest audited total assets;

- (6) Any other matters prescribed by the laws, administrative regulations or the Articles of Association, and those matters approved by ordinary resolution at a general meeting as having a material impact on the Company and are required to be approved by a special resolution;
- (7) Any other matters required by the regulatory rules of the place where the Company's shares are listed to be approved by special resolution.

**Article 89.** All directors, supervisors and senior management of the Company shall attend the general meeting as non-voting participants if requested. The directors, supervisors and senior management who attend the meeting or attend the meeting as non-voting participants shall make replies or explanations in respect of enquiries of shareholders at the general meeting, except for those matters in relation to trade secrets of the Company which cannot be made public.

**Article 90.** The meeting chairman shall determine based on the voting result whether a resolution at a general meeting has been passed. His or her decision, which is final and conclusive, shall be announced at the meeting and recorded in the minutes of the meeting.

**Article 91.** If the meeting chairman has any doubt as to the result of any resolution put to the vote, he or she may have the votes counted. If the meeting chairman does not count the votes counted, any attending shareholder or proxy who objects to the result announced by the meeting chairman may demand that the votes be counted immediately after the declaration of the voting result, and the meeting chairman shall have the votes counted immediately.

**Article 92.** If votes are counted at the general meeting, the counting result shall be recorded in the minutes of the meeting.

The minutes of the meeting together with the attendance records signed by the attending shareholders and proxy forms shall be kept at the address of the Company or the place required by relevant regulatory authorities.

**Article 93.** Copies of the minutes of the meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall provide a copy of the minutes of general meetings to him or her following the verification of his or her identity and receipt of reasonable fees.

## **Chapter 8. Special Procedures for Voting by Class Shareholders**

**Article 94.** Shareholders holding different classes of shares are referred to as class shareholders.

A class shareholder shall enjoy rights and assume obligations in accordance with the laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association.

**Article 95.** Rights conferred to class shareholders may not be varied or abrogated unless approved by way of a special resolution at a general meeting and by the affected class shareholders at a separate meeting convened in accordance with Articles 97 to 101 hereof.

No approval by a general meeting or a class meeting is required for variation or abrogation of rights of class shareholders resulting from any change in domestic and foreign laws and administrative regulations and regulatory rules of the place where the Company's shares are listed, and the decisions made by domestic and foreign regulatory authorities in accordance with the laws.

The transfer of all or part of domestic shares of the Company by its holders to overseas investors for listing and trading overseas, or the conversion of all or part of domestic shares into overseas-listed shares for listing and trading on overseas stock exchange(s), shall not be considered as the Company's intention to vary or abrogate the rights of class shareholders.

**Article 96.** The following circumstances shall be deemed to be a variation or abrogation of the rights of shareholders of a particular class:

- (1) To increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to the shares of such class;
- (2) To effect a change of all or part of the shares of such class into those of another class or to effect an exchange or grant a right of exchange of all or part of the shares of another class into those of such class;
- (3) To remove or reduce the rights in respect of accrued dividends or the cumulative dividends attached to shares of such class;
- (4) To reduce or remove the preferential rights attached to shares of such class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (5) To add, remove or reduce the share conversion rights, options, voting rights, transfer rights, pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;
- (6) To remove or reduce the rights to receive payables from the Company in a particular currency attached to shares of such class;



- (7) To create a new class of shares with voting right, distribution right or other privileges equal or superior to those of the shares of such class;
- (8) To restrict the transfer or ownership of shares of such class or to impose additional restrictions thereto;
- (9) To grant the right to subscribe for, or convert into, shares of such or another class;
- (10) To increase the rights and privileges of shares of another class;
- (11) To make a restructuring scheme which will result in the holders of different classes of shares bearing a disproportionate burden of obligations under such restructuring; and
- (12) To vary or abrogate any provision of this Chapter.

**Article 97.**

Shareholders of the affected class, whether or not otherwise entitled to vote at the general meetings, shall nevertheless be entitled to vote at class meetings in respect of matters concerning items (2) to (8), (11) and (12) of Article 96 hereof, but the interested shareholder(s) shall not be entitled to vote at class meetings.

Interested shareholder(s), as such term is mentioned in the preceding paragraph, means:

- (1) In the case of a repurchase of shares by the Company by pro rata offers to all shareholders or by way of on-market dealing on Hong Kong Stock Exchange under the Articles of Association, a controlling shareholder as defined herein;
- (2) In the case of a repurchase of shares by the Company outside the Hong Kong Stock Exchange by way of agreement under the Articles of Association, a shareholder who is related to the agreement;
- (3) In the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate liability than other shareholders of such class or who has an interest different from those of other shareholders of such class.

**Article 98.**

Resolutions of a class meeting shall be passed by shareholders present at the meeting representing two-thirds or more of the voting rights in accordance with Article 97 hereof.

**Article 99.** In the event that the Company convenes a class meeting, a written notice shall be issued to shareholders whose names appear on the register of shareholders of such class by way of announcement in accordance to the notice requirement for annual and extraordinary general meeting stated hereof, specifying the matters proposed to be considered and the date and place of the meeting.

**Article 100.** The notice of the class meeting shall only be served to shareholders entitled to vote thereat.

A class meeting shall be held under procedures as similar as possible to a general meeting. The provisions of the Articles of Association related to the convening of general meetings shall apply to class meetings.

**Article 101.** In addition to holders of other classes of shares, holders of domestic shares and overseas-listed foreign shares are deemed to be different classes of shareholders. The special voting procedures for class meetings shall not apply to the following circumstances:

- (1) Where the Company issues, upon approval by a special resolution of its shareholders in a general meeting, either separately or concurrently every 12 months, not more than 20% of each of the existing issued domestic shares and overseas-listed shares;
- (2) Where the Company's plan to issue domestic shares and overseas-listed shares at the time of its establishment is implemented within 15 months from the date of approval by the securities regulatory authority of the State Council;
- (3) Where holders of domestic shares of the Company transfer, in whole or in part, the shares held by them to overseas investors, or convert such domestic shares into overseas-listed foreign shares, and such shares transferred or converted are listed or traded on an overseas stock exchange, upon the approval by the securities regulatory authority of the State Council; or the unlisted shares of the Company being converted, in whole or in part, into overseas-listed shares.

## **Chapter 9. Board of Directors**

### **Section 1. Directors**

**Article 102.** Directors shall be elected or replaced at the general meetings for a term of three years, and are eligible to offer himself or herself for re-election upon expiration of his term of office.

Subject to the relevant laws and administrative regulations, a director may be removed by an ordinary resolution at general meeting before the expiration of his or her term of office (but without prejudice to any claim for damages under any contract).

The term of office of a director shall start from the date on which the said director assumes office, and shall end upon the expiry of the current term of the Board of Directors. If a director is not re-elected in time upon the expiration of his or her term of office, the said director shall continue to perform his duties in accordance with the laws, administrative regulations, departmental rules, and the Articles of Association until the newly elected director assume his or her office.

The notice proposing a person for election as a director and the notice by that person indicating his or her acceptance of such nomination shall be delivered to the Company within a period of not less than seven days. The notice period shall be commenced from the day following the despatch of the notice of the meeting appointed for such election by the Company and ended no later than seven days before (or earlier) the date of such general meeting.

A director is not required to hold any shares of the Company.

**Article 103.** If any director fails to attend in person or appoint other directors as his or her representative to attend meetings of the Board of Directors for two consecutive times, such director shall be deemed to have failed to perform his duties, and the Board of Directors shall propose to replace such director at the general meeting.

**Article 104.** A director may resign before expiration of his term of office. The resigning director shall submit a written resignation to the Board of Directors.

In the event that the resignation of any director results in the number of members of the Board of Directors to be less than the statutory minimum requirement, the said director shall continue to perform his or her duties in accordance with the laws, administrative regulations, departmental rules, and the Articles of Association until the newly elected director assume his or her office.

Save for the circumstances stated in the preceding paragraph, the resignation of a director shall become effective upon submission of his resignation to the Board of Directors.

Subject to the relevant laws and regulations, and the regulatory rules of the place where the Company's shares are listed, if the Board of Directors appoints a new director to fill a casual vacancy or as an additional director, the director so appointed shall only hold office up to the next annual general meeting of the Company, and shall be eligible to offer himself or herself for re-election at the meeting.

**Article 105.** When a director's resignation becomes effective or his or her term of office expires, he or she shall duly carry out all handover procedures with the Board of Directors, his or her fiduciary obligations to the Company and shareholders shall not necessarily terminate by the time his or her term of office ends, and shall remain effective within a reasonable period as specified in the articles of association.

A director's duty of confidentiality in respect to trade secrets of the Company survives the termination of his or her tenures, until such secret being disclosed publicly; other duties may continue for such period based on the principle of fairness, which shall depend on the length of time that has elapsed between matter concerned and termination, as well as the circumstances and terms under which his or her relationship with the Company has been terminated.

**Article 106.** The Company shall have independent non-executive directors. Except as otherwise provided by this section, the provisions relating to the qualifications and obligations of directors in the Articles of Association shall apply to independent non-executive directors. The number of independent non-executive directors shall account for at least one-third of the Board of Directors and shall be no less than three, of whom there shall be at least one independent non-executive director with the appropriate professional qualification in compliance with the regulatory requirement, or with appropriate accounting or related financial management expertise. Independent non-executive directors shall perform their duties honestly and faithfully, safeguard the Company's interest and in particular, preventing encroachment of the lawful rights and interests of public shareholders, so as to ensure the sufficient representation of the interests of all shareholders.

If there are any independent non-executive director fails to comply with the independence requirement or there are circumstances that render he or she not appropriate to perform his or her duties as an independent non-executive director, which results in the number of independent non-executive directors less than that required by the Articles of Association, the Company shall appoint independent non-executive directors to fill up the vacancy as required.

**Article 107.** Prior to the expiration of his term of office, any director who has withdrawn from his office without permission, or who violates any laws, administrative regulations, departmental rules or the articles of association during the course of performing his duties, and resulting any loss to the Company, such director shall be liable for compensation of such loss.

**Article 108.** No director shall act on behalf of the Company or the Board of Directors in his personal capacity, unless specified under the Articles of Association or legally authorized by the Board of Directors. In the event that a director is acting in his personal capacity, but may be reasonably deemed to be acting on behalf of the Company or the Board of Directors by a third party, such director shall state his stance and capacity in advance.

## **Section 2. Board of Directors**

**Article 109.** The Company has established a Board of Directors, which is accountable to the general meeting. The Board of Directors shall comprise seven (7) directors. The Board of Directors shall have one chairman.

Directors shall be elected at the general meetings for a term of three years. A director shall be eligible to offer himself for re-election and re-appointment upon the expiration of his or her term of office.

The chairman of the Board of Directors shall be elected or removed by more than one half of all directors, and shall hold office for a term of three years, who is then eligible to offer himself or herself for re-election and re-appointment.

That any person appointed by the board of directors to fill a casual vacancy on or as an addition to the board shall hold office only until the first annual general meeting of the issuer after his appointment, and shall then be eligible for re-election.

**Article 110.** The Board of Directors shall be accountable to the general meeting and is dedicated with the following functions and powers:

- (1) To convene general meeting, and report its work to the general meeting;
- (2) To implement the resolutions of the general meeting;
- (3) To determine the business plan and investment plan of the Company;
- (4) To formulate the Company's annual financial budgets and accounts;
- (5) To formulate the Company's profit distribution plan and loss recovery plan;
- (6) To formulate the Company's plan for increasing or reducing registered capital, as well as plan for issuance and listing of corporate debentures or other securities;
- (7) To formulate plans for material acquisition, repurchase of the Company's shares, or merger, split-up, dissolution and change of corporate form of the Company;
- (8) To determine the setup of the Company's internal management structure;
- (9) To appoint or remove the Company's general manager; and to, with the recommendation from the general manager, appoint or remove the vice general manager, chief financial officer and other senior management of the Company, and to determine their remunerations, awards and punishments;

- (10) To formulate the Company's basic management system;
- (11) To formulate the proposed amendments to these Articles of Association;
- (12) To handle investment, acquisition or disposal of assets, financing, connected transactions and other matters that shall be decided by the Board of Directors pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
- (13) To manage information disclosures of the Company pursuant to the laws and regulations, Hong Kong Listing Rules and internal rules and regulations of the Company;
- (14) To decide on other major affairs of the Company, save for matters required to be resolved at general meetings as specified under the Company Law and the Articles of Association;
- (15) To dedicate part of the functions and powers to the chairman;
- (16) Any other functions and powers stipulated in and conferred by the laws, administrative regulations, departmental rules, regulatory rules of the places where the Company's shares are listed or the Articles of Association.

Except for matters specified in items (6), (7) and (11) which shall be passed by two-thirds or more of the directors, the resolutions of the Board of Directors in respect of any other matters mentioned above may be passed with the consents from more than one half of all directors.

The Board of Directors of the Company shall explain to the general meeting the non-standard opinions on the financial report of the Company contained in the audit report issued by the certified accountant.

**Article 111.** In respect of the disposal of fixed assets by the Board of Directors, if the sum of the expected value of fixed assets proposed for disposal and the value of fixed assets disposed of within 4 months before the proposed disposal exceeds 33% of the value of fixed assets as shown in the last balance sheet tabled before the general meeting, the Board of Directors shall not, without the approval of shareholders in a general meeting, dispose of or agree to dispose of any fixed assets of the Company.

For the purposes of this Article, the term "disposal of fixed assets" includes acts involving the transfer of interest in certain assets, but does not include the provision of guarantees with fixed assets.

The validity of a transaction for disposal of fixed assets by the Company shall not be affected by the breach of the first cause of this Article.

**Article 112.** The chairman of the Board of Directors shall exercise the following functions and powers:

- (1) To chair the general meetings and to convene and chair the meetings of the Board of Directors;
- (2) To supervise and inspect the implementation of resolutions of the Board of Directors;
- (3) To sign share certificates, debentures and other marketable securities issued by the Company;
- (4) To sign material documents of the Board of Directors and other documents that shall be signed by the legal representative of the Company;
- (5) In the event of any urgent situation due to huge-scale natural disaster and other force majeure, to exercise special powers in relation to the Company's affairs in compliance with legal requirements and in the interests of the Company, and subsequently reports such activities to the Board of Directors and the general meeting;
- (6) To propose the convening of an extraordinary board meeting;
- (7) Any other functions and powers stipulated in the laws and regulations, regulatory rules of the places where the Company's shares are listed or the Articles of Association, as well as those conferred by the Board of Directors.

In the event that the chairman of the Board of Directors is unable to carry out his duties, a director elected by half or more of all directors may perform his duties.

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

**Article 113.** The meeting of the Board of Directors can be classified into regular meeting and extraordinary meeting. The Board of Directors shall held at least four meetings a year, and shall be convened by the chairman of the Board of Directors.

**Article 114.** If an extraordinary meeting of the Board of Directors is proposed to be held by any party below, the chairman of the Board of Directors shall convene such meeting within ten days after receiving the request:

- (1) proposed by shareholders representing more than one tenth of the voting rights;
- (2) proposed by more than one third of the directors;

- (3) proposed by the Supervisory Committee;
- (4) proposed by the chairman of the Board of Directors;
- (5) proposed by more than one half of the independent non-executive directors.

**Article 115.** Notice shall be given to all directors, supervisors and the general manager at least 14 days prior to a regular meeting of the Board of Directors, and at least 5 days prior to an extraordinary meeting of the Board of Directors. The responsible body of the Company shall serve a written notice of the meeting convened to all directors, supervisors and the general manager by hand, fax, express mail service or other means of electronic communication. Notices that are not served by hand shall be confirmed by telephone and record should be made accordingly.

In case of emergency and an extraordinary meeting of the Board of Directors is required to be convened as soon as possible, the notice of meeting may be given by telephone or by other verbal means at any time, but the convener shall provide an explanation at the meeting.

**Article 116.** Regular and extraordinary meeting of the Board of Directors shall contain reasonable details of the agenda of such meetings, which shall at least include the following details:

- (1) date and venue of the meeting;
- (2) duration of the meeting;
- (3) purpose and matters to be discussed;
- (4) form of meeting;
- (5) date of issue of the notice.

**Article 117.** The notice of meeting shall be deemed to have been issued to a director if he is present at the meeting and does not raise out the issue of non-receipt of such notice prior to or at the time of his arrival at the meeting.

Regular or extraordinary meetings of the Board of Directors may be held by way of teleconference or through other communication devices, and so long as the participating directors can hear and communicate with each other, all participating directors are deemed to have had participated in the meeting in person.

**Article 118.** The quorum of the meeting of the Board of Directors shall be more than half of the directors. When counting the quorum of the meeting, directors who have material interests in relevant contract, transaction and arrangement shall not be counted in the quorum.



Each director has one vote. Unless otherwise provided by law, administrative regulations and the Articles of Association, resolutions of the Board of Directors shall be passed by more than half of all directors, directors who have material interests in relevant contract, transaction and arrangement shall abstain from voting.

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

**Article 119.** A director shall attend the meetings of the Board of Directors in person. If a director is not able to attend the meeting of the Board of Directors for any reason, he may appoint in writing other directors to attend the meeting on his behalf and specify the scope of authorization in the proxy.

The director attending the meeting on other's behalf shall only exercise the rights of director within the scope of authorization. If a director fails to attend a meeting of the Board of Directors and do not appoint a representative to attend on his behalf, such director shall be deemed to have waived his right to vote at such meeting.

**Article 120.** When a director is connected to an enterprise related to a resolution of the meeting of the Board of Directors, such director shall not exercise his or her voting rights in respect of such resolution, nor shall he or she vote on behalf of other directors. The meeting of the board of directors may be held with the presence of more than half of the non-connected directors, resolutions at 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 attend the meeting of Board of Directors is less than three, the matter shall be submitted to the general meeting for consideration.

**Article 121.** Any material matters to be decided by the Board of Directors of the Company must be handled in strict accordance with the specified procedure, and notice shall be given to all directors at the time required by the Articles of Association and sufficient information shall be given at the same time. The directors may request additional information. When one-fourth or more of the directors or two or more of the independent non-executive directors consider that the information and materials are not sufficient or they are unable to make a decision on the matters for other reasons, they may jointly propose to postpone the meeting of the Board of Directors or delay the discussion of certain matters to be resolved in the meeting of the Board of Directors, and the Board of Directors shall adopt the relevant proposal.

**Article 122.** Unless otherwise required by the laws and regulations or the Listing Rules of Hong Kong, the Board of Directors may accept the written proposals in lieu of convening board meetings, but the draft of such proposals shall be delivered to each director through direct delivery, post, fax or e-mail. If a written proposal has been circulated to all directors by the Board of Directors, and the number of directors signed and approved such proposal has reached the required quorum for making a decision, after the signed document for approving such proposal being delivered to has circulated the written proposal to all directors, such proposal will become a resolution of the Board of Directors, and deemed to have the same legal effect as a resolution passed at a meeting of the Board of Directors convened in accordance with the procedures set out in the relevant provisions of the Articles of Association.

**Article 123.** The Board of Directors shall keep minutes of resolutions on matters discussed at the meeting, all attending directors and the recorder of the minutes shall sign the minutes of such meetings. The minutes of the meeting of the Board of Directors shall be kept as record of the Company. Directors shall be liable for the resolutions of the Board of Directors. If the resolutions of the Board of Directors violate the laws, administrative regulations or the Articles of Association, and the Company suffers a material loss as a result thereof, the directors participating in the resolutions are liable to the Company for the losses.

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

**Article 124.** The Board of Directors shall establish Strategy and Development Committee, Audit Committee, Nomination Committee and Remuneration and Appraisal Committee. The duties, composition and rules of procedure of the special committees shall be resolved separately by the Board of Directors. Where necessary, the Board of Directors may establish other special committees. These special committees are special working body under the Board of Directors which provide advice or advisory opinions for the Board of Directors on material decisions. The special committees shall not make any decision in the name of the Board of Directors, however, the committees may exercise decision-making power in respect to the authorized matters in accordance with special mandate granted by the Board of Directors.

Each special committee is responsible to the Board of Directors, and its members are all directors, of which, the Audit Committee can only comprise non-executive directors and has at least three members, the majority of which shall be independent non-executive directors, with at least one member with the proper qualification as required by the Hong Kong Listing Rules, or appropriate accounting or related financial management expertise, and the convener (i.e. chairman) must be an independent non-executive director. The Remuneration and Appraisal Committee shall have a majority of independent non-executive directors, and the convener (i.e. chairman) must be an independent non-executive director. The convener (i.e. chairman) of the Nomination Committee must be the chairman of the Board of Directors, and shall have a majority of independent non-executive directors. Where necessary, the Board of Directors may also establish other committees or make adjustment to the existing committees. The Board of Directors shall separately formulate the term of reference of each special committee to set out the respective responsibilities and procedures.

## **Chapter 10. Secretary to the Board of Directors of the Company**

**Article 125.** The Company shall have a secretary to the Board of Directors. The secretary to the Board of Directors is a senior management officer of the Company.

**Article 126.** The secretary to the Board of Directors of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed or removed by the Board of Directors. His or her primary duties include:

- (1) To ensure that the Company has a complete set of organizational documents and records;
- (2) To prepare and submit the report and document required by competent authority according to the laws;
- (3) To ensure the proper maintenance of the Company's register of shareholders, so as to ensure the persons who are entitled to obtain the relevant records and documents of the Company are able to obtain the same on a timely basis;
- (4) To exercise other functions and powers as conferred by the Board of Directors, as well as other functions and powers as required by laws and regulations and the stock exchange in the place where the Company's shares are listed.

**Article 127.** A director or other senior management officers of the Company may act as the secretary to the Board of Directors. The accountants of the accounting firm which has been appointed by the Company and the management members of controlling shareholders shall not concurrently act as the secretary to the Board of Directors.

If a director of the company concurrently serves as secretary to the Board of Directors, in the event that an action must be separately carried out by a director and a secretary to the Board of Directors, the person who holds the offices of director and secretary to the Board of Directors shall not act in dual capacity.

## **Chapter 11. General Manager and Other Senior Management**

**Article 128.** The Company shall have one general manager, one deputy general manager, a number of senior management and a secretary to the Board of Directors, who shall be appointed and removed by the Board of Directors.

The general manager, deputy general manager, chief financial officer, secretary to the Board of Directors and other staff authorized by the Board of Directors are the senior management of the Company.

**Article 129.** The term of general manager shall be three years, and can be reappointed by the Board of Directors upon expiry.

The term of office of a general manager shall start from the date his appointment is resolved by the Board of Directors, and shall end upon the expiry of the current term of the Board of Directors.

**Article 130.** The general manager shall be accountable to the Board of Directors and is dedicated with the following functions and powers:

- (1) To be in charge of the production, operation and management of the Company, implementation of the resolution of the Board of Directors, and to report to the Board of Directors;
- (2) To arrange and implement the annual business plan and investment plan of the Company;
- (3) To formulate the Company's annual budgets and final accounts, and make recommendation to the Board of Directors;
- (4) To formulate proposal for the setup of the Company's internal management structure;
- (5) To formulate the Company's basic management system;
- (6) To formulate the rules and regulations of the Company;
- (7) To propose the appointment and removal of the deputy general manager, chief financial officer and other senior management;
- (8) To appoint or remove the management officers other than those required to be appoint or remove by the Board of Directors;

- (9) To propose the convening of an extraordinary board meeting;
- (10) To decide on other matters of the Company within the authorization of the Board of Directors;
- (11) To decide on investment, acquisition or disposal, financing and other projects other than those that must be decided by the Board of Directors or general meeting;
- (12) Other duties and powers authorized by the Articles of Association or the Board of Directors.

Senior management other than the general manager shall assist the general manager in his work and may exercise part of the functions and powers entrusted to the general manager.

**Article 131.** The general manager shall attend the meetings of the Board of Directors and, if the general manager is not a director, he shall not have voting right thereat.

**Article 132.** In the exercise of his powers, the general manager shall comply with the laws, administrative regulations and the Articles of Association, and fulfil his duties in good faith and with due diligence.

## **Chapter 12. Supervisory Committee**

**Article 133.** The Company shall establish the Supervisory Committee, which shall exercise its supervisory powers in accordance with the law, administrative regulations and the Articles of Association.

**Article 134.** The Supervisory Committee is comprised of three supervisors, one of whom shall act as the chairman of the Supervisory Committee. The term of office of supervisors shall be three years, and are eligible for re-election and re-appointment.

The appointment and removal of the chairman of the Supervisory Committee shall be subject to the approval of two-thirds or more of its members by voting.

**Article 135.** The Supervisory Committee shall comprise shareholder representative supervisors and staff representative supervisors, of which staff representative supervisors shall account for not less than one third of the members of the Supervisory Committee. The shareholder representative supervisor shall be elected and removed by the general meeting, while staff representative supervisor shall be elected by the employee representatives' meeting, employees union and other democratic means.

**Article 136.** The directors and senior management of the Company shall not concurrently act as supervisors.

**Article 137.** The Supervisory Committee shall be accountable to the general meeting and is dedicated with the following functions and powers:

- (1) To inspect the Company's financial position;
- (2) To monitor any acts on the part of directors and senior management in their performance of duties that may violate the laws, administrative regulations and the Articles of Association;
- (3) To demand directors and senior management to make rectification if their act has damaged the Company's interest;
- (4) To review financial information such as financial reports, operation reports and profit distribution plans to be submitted by the Board of Directors to the general meetings; if there is any doubt, it can engage certified public accountants and practicing auditors in the name of the Company to assist their second review;
- (5) To propose the convening of an extraordinary general meeting, and convene and chair the general meeting when the Board of Directors fails to perform such duties as required by the Company Law;
- (6) To submit proposals to the general meeting;
- (7) To propose the convening of an extraordinary board meeting;
- (8) To deal with the directors on behalf of the Company or bring an action against a director and senior management in accordance with the Company Law;
- (9) To exercise other functions and powers specified in the laws, administrative regulations and the Articles of Association.

Supervisors shall attend the board meetings as non-voting participants.

**Article 138.** The Supervisory Committee shall convene at least once meeting every six months, which shall be convened by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his duties, a supervisor who has been elected by more than half of the supervisors shall convene and preside over the meeting of the Supervisory Committee.

Notice shall be given to all supervisors at least 14 days prior to a regular meeting of the Supervisory Committee, and at least 5 days prior to an extraordinary meeting of the Board of Directors. The staff working for the Supervisory Committee shall serve a written notice of the meeting convened to all supervisors by hand, fax, express mail service or other means of electronic communication. Notices that are not served by hand shall be confirmed by telephone and record should be made accordingly.

In case of emergency and an extraordinary meeting of the Supervisory Committee is required to be convened as soon as possible, the notice of meeting may be given by telephone or by other verbal means at any time, but the convener shall provide an explanation at the meeting.

Regular and extraordinary meeting of the Supervisory Committee shall contain reasonable details of the agenda of such meetings, which shall at least include the following details:

- (1) date and venue of the meeting;
- (2) duration of the meeting;
- (3) purpose and matters to be discussed;
- (4) form of meeting;
- (5) date of issue of the notice.

**Article 139.** The notice of meeting shall be deemed to have been issued to a supervisor if he is present at the meeting and does not raise out the issue of non-receipt of such notice prior to or at the time of his arrival at the meeting.

Regular or extraordinary meetings of the Supervisory Committee may be held by way of teleconference or through other communication devices, and so long as the participating supervisors can hear and communicate with each other, all participating supervisors are deemed to have had participated in the meeting in person.

**Article 140.** The method for resolving matters by the Supervisory Committee: resolutions of the Supervisory Committee shall be made by way of voting with one vote for each supervisor by way of open and written ballot.

The voting procedure: a supervisor may vote for, against or abstain from voting. Each attending supervisor shall indicate his intention by casting his vote as one of the above, for those who fail to cast his vote with one of the option above or cast his vote with two or more options stated above, the chairman of the meeting shall request such supervisor to vote again, and those refuse to do so shall be regarded as having waived the voting rights at such meeting. Any supervisor who leaves the meeting and does not return and has not voted by choosing any of the above shall be regarded as having waived the voting rights at such meeting.

The resolution of the chairman of the Supervisory Committee shall be subject to the approval of two-thirds or more of its members by voting.

**Article 141.** Unless otherwise required by the laws and regulations or the Listing Rules of Hong Kong, the Supervisory Committee may accept the written proposals in lieu of convening a Supervisory Committee meeting, but the draft of such proposals shall be delivered to each supervisor through direct delivery, post, fax or e-mail. If a proposal has been circulated to all directors by the Supervisory Committee, and the number of supervisors signed and approved such proposal has reached the required quorum for making a decision, after the signed document for approving such proposal being delivered to has circulated the written proposal to all supervisors, such proposal will become a resolution of the Supervisory Committee, and deemed to have the same legal effect as a resolution passed at a meeting of the Supervisory Committee convened in accordance with the procedures set out in the relevant provisions of the Articles of Association.

**Article 142.** The Supervisory Committee shall keep minutes of resolutions on matters discussed at the meeting, all attending supervisors shall sign the minutes of such meetings. A supervisor is entitled to request that an explanatory note be made with regard to his speech in the meeting. The minutes of the meeting of the Supervisory Committee shall be kept at the address of the Company.

**Article 143.** All reasonable costs incurred for engaging lawyers, certified public accountants, practicing auditors and other professionals in the course the Supervisory Committee performing its duties shall be borne by the Company.

**Article 144.** A supervisor shall carry out his supervisory duties honestly and faithfully in accordance with the law, administrative regulations and the Articles of Association.

### **Chapter 13. Qualifications and Obligations of Directors, Supervisors and Senior Management of the Company**

**Article 145.** The following persons may not serve as a director, supervisor, the general manager, or other senior management of the Company:

- (1) A person without or with limited capacity for civil conduct;



- (2) A person who has been sentenced for corruption, bribery, infringement of property, misappropriation of property or damaging the social economic order, where less than five years have elapsed since the sentence was served, or who has been deprived of his political rights due to criminal offense, where less than five years have elapsed since the sentence was served;
- (3) A person who is a former director, factory manager or manager of a company or enterprise which has become insolvent and has been liquidated and who is personally liable for the insolvency of such company or enterprise, and where less than three years have elapsed since the date of completion of the insolvency and liquidation of such company or enterprise;
- (4) A person who is a former legal representative of a company or enterprise the business license of which was revoked and ordered to close down due to violation of law and who is personally liable for such violation, where less than three years have elapsed since the date of the revocation of business license of such company or enterprise;
- (5) A person who has a relatively large amount of debts which have become overdue;
- (6) A person who is currently under investigation by the judicial authorities for violation of criminal law, and the legal procedures are pending;
- (7) A person who, according to law and administrative regulations, is not permitted to be the leader of an enterprise;
- (8) A person who is not a natural person;
- (9) A person who has been convicted by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than 5 years have elapsed since the date of such conviction;
- (10) Other persons stipulated in the relevant laws and regulations of the place where the Company's shares are listed.

For director, supervisor, general manager, or other senior management elected, appointed and engaged in violation of this provision, such election, appointment and engagement will be void. If the above situation exists for a director, supervisor, general manager, or other senior management during his term of office, the Company will discharge him or her from duty.

**Article 146.**

The validity of an act carried out by a director, general manager and other senior management officer on behalf of the Company as against a bona fide third party shall not be affected by any irregularity in his employment, election or qualification.

**Article 147.** In addition to the obligations imposed by the laws and regulations of China, the security regulatory authorities where the Company's shares are listed and the Hong Kong Listing Rules, each of the Company's directors, supervisors, general manager and other senior management assumes the following obligations to each shareholder in the course they perform the functions and exercise the powers entrusted to him by the Company:

- (1) Not to exceed the Company's scope of business specified in its business license;
- (2) To act bona fide in the best interests of the Company;
- (3) Not to expropriate the Company's property in any way, including (but not limited to) opportunities beneficial to the Company;
- (4) Not to expropriate the personal interests of shareholders, including (but not limited to) rights to distribution and voting rights, except for a corporate restructuring that has been submitted to and approved by the general meeting for approval in accordance with the Articles of Association.

**Article 148.** Each of the Company's directors, supervisors, general managers and other senior management is obligated to exercise the care, diligence and skill that a reasonably prudent person would exercise under similar circumstances when he or she exercise his or her powers or perform his or her duties.

**Article 149.** Each of the Company's directors, supervisors, general manager and other senior management shall perform his duties on the principle of fiduciary responsibility, and shall not put himself in a position where his interests and his duties may conflict. This principle includes (but is not limited to) discharging the following obligations:

- (1) To act bona fide in the best interests of the Company;
- (2) To exercise his powers within his terms of reference and not to act ultra vires;
- (3) To exercise the discretion vested in him personally and not to allow himself to act under the control of any other party; and unless permitted by laws, administrative regulations or with the informed consent of the shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (4) To treat shareholders of the same class equally and to treat shareholders of different classes fairly;

- (5) Unless otherwise provided in the Articles of Association or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) Not to use the Company's property in any way for his own benefit without the informed consent given in a general meeting;
- (7) Not to exploit his or her position to accept bribes or to obtain other illegal income, expropriate the Company's property in any way, including (but not limited to) opportunities beneficial to the Company;
- (8) Not to accept commissions in connection with the Company's transactions without the informed consent of the shareholders given in a general meeting;
- (9) To comply with the Articles of Association, perform his duties faithfully, protect the Company's interests and not to exploit his position and power in the Company for his own benefit;
- (10) Not to compete with the Company in any way without the informed consent given in a general meeting;
- (11) Not to misappropriate the Company's funds, not to open any account in his or her own name or in any other name for the deposit of the Company's assets or funds, not to violate the provisions of the Articles of Association by lending the Company's funds to others or using such assets to provide guarantee for the debts of shareholders of the Company or other individuals without the consent given at a general meeting or the consent of the Board of Directors;
- (12) Not to disclose any confidential information in relation to the Company which he has obtained during his term of office without the informed consent given at a general meeting; nor shall he use such information other than for the Company's benefit, save that disclosure of such information to the court or other governmental authorities is permitted if:
  1. The law so requires;
  2. Public interest so warrants;
  3. The interests of the relevant director, supervisor, general manager and other senior management so requires.

Any gain arising from the breach of this Article by the personnel mentioned in this Article shall belong to the Company. Such personnel shall be liable for compensation for any loss of the Company arising therefrom.

- Article 150.** Each director, supervisor, general manager or other senior management of the Company shall not direct the following persons or institutions (“related parties”) to do anything that is not permitted:
- (1) The spouse or minor child of the Company’s director, supervisor, general manager or other senior management;
  - (2) The trustee of the Company’s director, supervisor, general manager or other senior management or any person referred to in item (1) of this Article;
  - (3) The partner of the Company’s director, supervisor, general manager or other senior management or any person referred to in items (1) and (2) of this Article;
  - (4) A company in which the Company’s director, supervisor, general manager or other senior management, whether alone or jointly with the persons referred to in items (1), (2) or (3) of this Article or other directors, supervisors, general managers and other senior management of the Company, has de facto control; and
  - (5) The directors, supervisors, general managers and other senior management of the controlled company referred to in item (4) of this Article.
- Article 151.** The fiduciary duties of a director, supervisor, general manager and other senior management of the Company do not necessarily cease upon termination of their tenure. The duty of confidentiality in respect to trade secrets of the Company survives the termination of their tenures. Other duties may continue for such period as the principle of fairness may require, depending on the length of time that has elapsed between termination and the act concerned and the circumstances and terms under which their relationship with the Company have been terminated.
- Article 152.** Except for circumstances prescribed in Article 60 hereof, a director, supervisor, general manager and other senior management of the Company may be relieved of liability for specific breaches of his duty with the informed consent given in a general meeting.
- Article 153.** Where a director, supervisor, general manager or other senior management of the Company is, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than the appointment agreement entered between the Company and the directors, supervisors, manager and other senior management), he shall disclose the nature and extent of his interest to the Board of Directors at the earliest opportunity, whether or not such matters are subject to the approval of the Board of Directors under normal circumstances.

Except for the exceptions permitted under the Hong Kong Listing Rules, a director shall not vote on any resolution of the Board of Directors approving any contract or arrangement or any other relevant proposal in which he or any of his close associates (as defined under the Hong Kong Listing Rules effective from time to time) has a material interest nor shall he be counted in the quorum present at the meeting.

Unless the interested director, supervisor, general manager or other senior management of the Company has disclosed his interest to the Board of Directors as required by the first paragraph of this Article and relevant matters have been approved by the Board of Directors at a meeting in which he was not counted in the quorum and has abstained from voting, the contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide party thereto who does not have notice of the breach of duty by the interested director, supervisor, general manager or other senior management.

A director, supervisor, general manager or other senior management of the Company is deemed to be interested in a contract, transaction or arrangement in which his related party is interested.

If any directors are required to refrain from participating in a meeting of the Board of Directors, resulting in the quorum of the meeting cannot be met, then the concerned matters shall be submitted to the general meeting for consideration.

If a substantial shareholder (as defined in the Hong Kong Listing Rules) or director is considered by the Board of Directors to have material conflict of interest in a matter to be considered at the meeting of the Board of Directors, such matter shall not be handled by way of circulation or handled by a sub-committee (other than a committee resolved to be established for such matter at a meeting of the Board of Directors), and the Board of Directors shall held a meeting of the Board of Directors for such matter. If an independent non-executive director and his associate (as defined in the Hong Kong Rules) is not material interested in a transaction, such independent non-executive director shall attend the relevant meeting of the Board of Directors.

**Article 154.**

Where a director, supervisor, general manager or other senior management of the Company gives the Board of Directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in the contract, transaction or arrangement which may subsequently be made by the Company, such notice shall be deemed to be a disclosure for the purpose of the preceding Article of this Chapter, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the relevant contract conclusion, transaction or arrangement is first taken into consideration by the Company.

**Article 155.** The Company shall not in any manner pay taxes for its directors, supervisors, general manager or other senior management (except for tax that shall be withheld and paid on their behalf as required by the laws and regulations).

**Article 156.** The Company shall not directly or indirectly make a loan to or provide any guarantee for a loan to a director, supervisor, general manager or other senior management of the Company or the Company's controlling shareholders or any of their respective related parties.

The foregoing provision shall not apply to the following circumstances:

- (1) The provision by the Company of a loan or a guarantee for a loan to its subsidiaries;
- (2) The provision by the Company of a loan or a guarantee for a loan or any other funds to any of its directors, supervisors, general managers or other senior management pursuant to their employment contracts which were approved in a general meeting for him to settle expenditures incurred by him for expenses incurred in performing his duties and responsibilities; and
- (3) If the ordinary scope of business of the Company is expanded to include the provision of loans or guarantees for loans, the Company may provide a loan or a guarantee for a loan to any of the relevant directors, supervisors, general managers or other senior management or their respective related parties, provided that the provision of loans or guarantees for loans is on normal commercial terms.

**Article 157.** A loan made by the Company in breach of the preceding Article shall be repayable forthwith by the recipient of the loan regardless of the terms of the loan.

**Article 158.** A guarantee for a loan provided by the Company in breach of the first paragraph of Article 156 therein shall not be enforceable against the Company, unless:

- (1) The lender was not aware of the relevant circumstances when he provided a loan to a related party of any of the directors, supervisors, general managers and other senior management of the Company or of the Company's controlling shareholders;
- (2) The collateral provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

**Article 159.** For the purposes of the foregoing provisions of this Chapter, a guarantee includes an act of undertaking or provision of property as security by the guarantor to secure the performance of obligations by the obligor.

**Article 160.**

Where a director, supervisor, general manager or other senior management of the Company is in breach of his obligations to the Company, the Company has, in addition to any rights and remedies provided for in the laws and administrative regulations, the right to take the following measures:

- (1) To demand such director, supervisor, general manager or other senior management compensate for losses sustained by the Company as a result of such breach;
- (2) To rescind any contract or transaction that has been entered into by the Company with such director, supervisor, general manager or other senior management, or with a third party (where such third party has known or should have known that such director, supervisor, general manager or other senior management that represents the Company has breached his duties to the Company);
- (3) To demand such director, supervisor, general manager or other senior management to surrender profits obtained as a result of the breach of his obligations;
- (4) To recover any monies received by the director, supervisor, general manager or other senior management that should have been received by the Company, including (without limitation) commissions;
- (5) To demand the return of interest earned or which may have been earned by such director, supervisor, general manager or other senior management on the monies that should have been paid to the Company.

**Article 161.**

The Company shall, with the prior approval by the general meeting or the Board of Directors, enter into a written contract with its director, supervisor or senior management regarding his remuneration.

The written contract shall include at least the following provisions:

- (1) An undertaking by the director, supervisor and senior management to the Company to observe Company Law, the Special Regulations, the Articles of Association, the Codes on Takeover and Mergers and the Codes on Share Repurchases approved by the Securities & Futures Commission of Hong Kong (as amended from time to time) and other rules of the Hong Kong Stock Exchange, and an agreement that the Company shall have the remedies provided in the Articles of Association, and that neither the contract nor his office is capable of assignment;

- (2) An undertaking by the director, supervisor and senior management to the Company to each shareholder to observe and perform his obligations in accordance with the Articles of Association;
- (3) Arbitration clause as provided in the Articles of Association and the Hong Kong Listing Rules.

The aforesaid emoluments include:

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

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

The Company shall, on a regular basis, disclose to shareholders the remunerations obtained by the directors, supervisors and senior management from the Company.

**Article 162.**

The contracts entered into between the Company and its directors or supervisors concerning emoluments shall prescribe that in the event that the Company is being acquired, the Company's directors and supervisors shall, subject to the prior approval of the general meeting, have the right to receive compensation or other payment in respect to his loss of office or retirement. For the purposes of the preceding paragraph, the acquisition of the Company includes any of the following:

- (1) An offer made by any person to all shareholders;
- (2) An offer made by any person with an aim to make the offeror become the controlling shareholder. The term "controlling shareholder" has the same meaning as defined in the Articles of Association.



If the relevant director or supervisor does not comply with this Article, any sum received by him shall belong to those persons who have sold their shares as a result of the acceptance of such offer, and the expenses incurred in distributing that sum on a pro rata basis among those persons shall be borne by the relevant director or supervisor and shall not be deducted from the sum so distributed.

## **Chapter 14. Financial and Accounting System**

**Article 163.** The Company shall establish its financial and accounting system in accordance with the law, administrative regulations, listing rules of the place where the shares of the Company are listed and the accounting standards requirements stipulated by the competent financial authorities.

**Article 164.** The Company shall adopt the Gregorian calendar year for its accounting year, namely that the accounting year shall be from 1 January to 31 December.

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

The financial statements of the Company shall be prepared in accordance with accounting standards and regulations of the People's Republic of China, as well as in accordance with international accounting standards, or the accounting standards of the jurisdiction in which the Company's shares are listed. If there is material differences between the financial statements prepared in accordance with the two accounting standards, it should be specified in the notes to the financial statement.

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

**Article 165.** The Company's Board of Directors shall make available before the shareholders at every annual general meeting such financial reports prepared by the Company in accordance with the relevant laws, administrative regulations and regulatory documents promulgated by the local government and the competent authorities.

**Article 166.** The Company shall not maintain books of accounts other than those provided for by law. The Company's assets shall not be deposited in an account maintained in the name of any individual.

**Article 167.** The Company's financial reports shall be made available for shareholders' inspection at the Company twenty days prior to the date of the annual general meeting. Each shareholder of the Company has the right to receive a copy of such financial reports mentioned in this Chapter.

The financial report mentioned in the preceding paragraph shall comprise the directors' report, together with the balance sheet (including all other documents to be annexed as required by the People's Republic of China or other laws and administrative regulations) and the profit and loss statement (the profit statement) or the statement of income and expense (the statement of cash flow), or (subject to the relevant laws of the People's Republic of China) the summary financial report as approved by The Stock Exchange of Hong Kong Limited.

**Article 168.** In addition to the accounting standards and regulations of the People's Republic of China, the interim results or financial information announced or disclosed by the Company shall also be prepared in accordance with international accounting standards, or the accounting standards of the jurisdiction in which the Company's shares are listed.

**Article 169.** The Company shall publish its financial reports twice every accounting year, i.e. to publish its interim financial report within 60 days after the end of the first six months of each accounting year, and to publish its annual financial report within 120 days after the end of each accounting year.

The Company shall publish its results announcement twice every accounting year, i.e. to publish its interim results announcement within two months after the end of the first six months of each accounting year, and to publish its annual results announcement within three months after the end of each accounting year.

Where the laws and regulations of the PRC, the securities regulatory authorities in the place where the Company's shares are listed and the Hong Kong Stock Exchange have other provisions regarding the above announcements, such provisions shall prevail.

## **Chapter 15. Profit Distribution**

**Article 170.** In distributing the profit after tax of the current year, the Company shall allocate 10% of its profit into its statutory reserve fund. When the aggregate amount of the statutory reserve fund of the Company is more than 50% of its registered capital, further appropriations are not required.

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

After allocation of its profits after tax to its statutory reserve fund, the Company may, subject to the approval of the general meeting, allocate its profits after tax to its discretionary reserve fund.

After making up for the losses and making allocations to the reserve fund, any remaining profits after tax shall be distributed to shareholders in proportion to their respective shareholdings.

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

The Company's shares held by the Company are not entitled to any profit distribution.

**Article 171.** Capital reserve fund includes the following items:

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

For premium arises from the issue of shares by the Company at a price higher than the nominal value of the shares and other income required by the finance regulatory department of the State Council to be included in the capital reserve fund, they shall be included in the capital reserve fund.

**Article 172.** The reserve fund of the Company can be applied for making up for losses of the Company, expansion of the Company's production and operation or increasing the capital of the Company. However, the capital reserve fund cannot be applied for making up for losses of the Company.

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

**Article 173.** The Company may distribute dividends in the form of (or a combination of both):

- (1) Cash;
- (2) Shares;

- (3) Any other means permitted by laws and regulations, departmental rules, regulatory rules in the place where the shares are listed or the Articles of Association.

**Article 174.** Any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to receive a dividend subsequently declared.

**Article 175.** The Company shall appoint a receiving agent for holders of overseas-listed shares. The receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect to the overseas-listed shares, and such payment shall be kept by the receiving agent on such shareholders' behalf for any payment to them.

The receiving agent appointed by the Company shall satisfy requirements under the laws of the places where the Company's shares are listed or the rules of relevant stock exchange.

The receiving agent appointed by the Company for holders of overseas-listed shares listed in Hong Kong shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Subject to the relevant laws and regulations of the People's Republic of China, the Company may exercise its right to claim over unclaimed dividends, provided that such right shall not be exercised until after the expiration of the applicable limitations period.

The Company has the power to cease sending dividend warrants by post to a holder of overseas-listed shares if such warrants have been left uncashed. The Company shall only exercise such power until such warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

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

- (1) During a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
- (2) Upon expiry of the 12 years, the Company gives notice of its intention to sell the shares by way of an announcement published in one or more newspapers in the place where the Company's shares are listed and notifies the securities regulatory authorities where the shares of the Company are listed.

**Article 176.** The cash dividend and other amount paid by the Company to the holders of domestic shares shall be paid in Renminbi. The cash dividend and other amounts paid by the Company to the holders of overseas-listed shares shall be denominated and declared in Renminbi and paid in Hong Kong Dollars, Renminbi and other foreign currency. The foreign currency required for the payment of cash dividends and other amount by the Company to the holders of overseas-listed shares shall be arranged in accordance with the provisions of the People's Republic of China in relation to foreign exchange administration.

## **Chapter 16. Appointment of Accountant Firm**

**Article 177.** The Company shall appoint an independent accounting firm which is qualified under the relevant national regulations to audit the Company's annual financial reports and verify other financial reports of the Company.

The first accounting firm of the Company may be appointed at the inaugural meeting prior to the first annual general meeting.

In the case the inaugural meeting has not exercised the power mentioned in the provision aforesaid, such power will be exercised by the Board of Directors.

**Article 178.** The accounting firm appointed by the Company shall hold their position for one year, from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual general meeting, and can be reappointed.

The appointment, dismissal and remuneration of an accounting firm by the company must be decided by the general meeting of shareholders, and the board of directors shall not appoint an accounting firm before the decision of the general meeting of shareholders.

**Article 179.** The accounting firm appointed by the Company shall have the following rights:

- (1) The right to review the books, records and documents of the Company at any time, the right to require the directors, general managers or other senior management officers of the Company to provide relevant information and explanation;
- (2) The right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as necessary for discharging its duties;
- (3) The right to attend general meetings and to receive all notices of, and other information relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the Company's accounting firm.

- Article 180.** If there is a vacancy in the position of accounting firm of the Company, the Board of Directors may appoint an accounting firm to fill such vacancy before the convening of the general meeting. If there is any other accounting firm appointed by the Company during the period in which a vacancy exists, such accounting firm may continue to act in this capacity.
- Article 181.** The general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the firm and the Company. However, the accounting firm's right to claim for damages which arise from its removal shall not be affected thereby.
- Article 182.** The remuneration of an accounting firm or the manner in which such remuneration is to be decided shall be determined by the general meeting. The remuneration of an accounting firm appointed by the Board of Directors shall be determined by the Board of Directors.
- Article 183.** The Company's appointment, removal and non-reappointment of an accounting firm shall be resolved by general meeting. Such resolution shall be filed with the securities authority of the State Council.

Where a resolution is proposed at the general meeting propose to appoint an accounting firm other than the incumbent accounting firm to fill a casual vacancy in the office of the accounting firm, to re-appoint an accounting firm that was appointed by the Board of Directors to fill a casual vacancy, or to remove an accounting firm before the expiration of its term of office, the following provisions shall apply:

- (1) Before notice of a general meeting held for the appointment or removal proposal is given to the shareholders, a copy of which shall be sent to the accounting firm proposed to be appointed or proposed to leave its post or the accounting firm which has left its post in the relevant accounting year. Leaving includes leaving by removal, resignation and retirement.
- (2) If the accounting firm leaving its post makes representations in writing and requests the Company to notify its shareholders of such representations, the Company shall (unless the written representations were received too late) take the following measures:
  1. In any notice of meeting held for making the resolution, state the fact that the leaving accounting firm has made such representations; and
  2. Attach a copy of the representations to the notice and send it to every shareholder entitled to notice of general meeting in the manner stipulated in the Articles of Association.

(3) If the Company fails to send out the accounting firm's representations in the manner set out in sub-paragraph (2) of this Article, such accounting firm may require that the representations be read out at the general meeting and may make further representations.

(4) An accounting firm that is leaving its post shall be entitled to attend:

1. The general meeting at which its term of office would otherwise have expired;
2. The general meeting held for the propose of filling the vacancy caused by its removal; and
3. The general meeting convened as a result of its resignation.

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

#### **Article 184.**

If the Company proposes to remove the accounting firm or not to renew the appointment thereof, it shall notify the accounting firm in advance, and the latter has the right to state its opinions at the general meeting. If the accounting firm resigns, it shall make clear at the general meeting whether there is any impropriety on the part of the Company.

The accounting firm may resign from its office by depositing the written notice of resignation at the registered address of the Company. The notice shall become effective on the date of such deposit or on such later date as may be stated in the notice. The notice shall contain the following statements:

1. A statement to the effect that there are no circumstances connected with its resignation that it considers must be brought to the attention of the shareholders or creditors of the Company; or
2. A statement of any such circumstances that should be explained.

The Company shall, within 14 days of the receipt of the written notice referred to in sub-paragraph 2 of this Article, send a copy of the notice to the relevant competent authority. If the notice contains a statement mentioned in point 2 of sub-paragraph 2 of this Article, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas-listed shares (namely being the shareholder who is entitled to receive the financial report of the Company) at the address recorded in the register of shareholders.

If the accounting firm's notice of resignation contains a statement mentioned in point 2 of sub-paragraph 2 of this Article, the accounting firm may request the Board of Directors to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances in connection with its resignation.

## **Chapter 17. Notices**

**Article 185.** Notices of the Company may be delivered through the following means:

- (1) By hand;
- (2) By fax, email or post;
- (3) By way of publishing information on websites designated by the Company and the Hong Kong Stock Exchange, subject to the laws, administrative regulations and the listing rules of stock exchange of the places where the Company's shares are listed;
- (4) By way of announcement;
- (5) By any other means as agreed by the Company or the recipient or as accepted by the recipient after the notice is received;
- (6) By any other means as approved by the relevant regulatory authorities in the places where the Company's shares are listed or as specified in the Articles of Association.

For notices issued by the Company to the holders of overseas-listed shares by way of announcement, the Company shall submit a ready to release electronic version to the Hong Kong Stock Exchange through the e-submission system of the Hong Kong Stock Exchange on the website of the Hong Kong Stock Exchange in accordance with the local listing rules. The announcement shall at the same time also be published on the Company's website.

Shareholders or directors who wish to prove that certain notices, documents, information or written statements have been served on the Company shall provide evidence showing the same has been served to the correct address by ordinary means or by prepaid mail within the specified period of time.



Notwithstanding the aforesaid provision which specifies providing and/or dispatching written corporate communication to shareholders, as for the means by which the Company provides and/or dispatches its corporate communication to shareholders according to the Hong Kong Listing Rules, if the Company has obtained shareholders' prior written consent or deemed consent according to the relevant laws and regulations and the Hong Kong Listing Rules as amended from time to time, the Company may dispatch or provide corporate communication to its shareholders by means provided in item (3) above. Corporate communication includes, but not limited to, circulars, annual reports, interim reports, quarterly reports, notices of general meetings, and other types of corporate communication as specified in the Hong Kong Listing Rules.

**Article 186.** Unless otherwise specified in the Articles of Association, the various means of sending notices specified in the preceding paragraph shall apply to the notices of general meetings, board meetings and meetings of the Supervisory Committee convened by the Company.

**Article 187.** For a notice of the Company delivered by hand, the notice shall be deemed to be received upon signing (or affixing the seal) by the recipient on the note of receipt and the receipt date shall be the date of serve. If the notice is delivered by post, it shall be deemed to have been received after 48 hours from the date the notice is delivered to the post office. If the notice is delivered by way of fax or email or by way of publishing information on websites, it shall be deemed to have been received on the date it is sent or published. If the notice is delivered by way of announcement, it shall be deemed to have been received on the date on which the announcement is first published. Such announcement shall be published on the newspapers that satisfy the relevant requirements.

**Article 188.** In the event that the listing rules of the stock exchange in the place where the Company's shares are listed stipulate that the Company shall send, post, distribute, issue, announce or otherwise provide relevant documents of the Company in English and Chinese, and if the Company has made appropriate arrangement to confirm whether the shareholders intend to receive either the English or the Chinese version, the Company may (as per the preference stated by the shareholders) only send the English version or the Chinese version to the shareholders concerned to the extent permitted by applicable law and regulations and pursuant to the applicable laws and regulations.

## **Chapter 18. Merger and Split-up of the Company**

**Article 189.** In the event of the merger or split-up of the Company, the Company's Board of Directors shall put forward a proposal for approval in accordance with the procedures stipulated in the Company's articles of association, and go through the relevant approval formalities required by the law after the proposal is being approved. Shareholders who oppose the plan of merger or split-up of the Company shall have the right to request the Company or the shareholders who consent to such plan to purchase their shares at a fair price. The content of the resolution of the merger or split-up of the Company shall be documented separately and made available for inspection by the shareholders.

The aforesaid documents shall also be sent to each holder of overseas-listed shares by post or other means permitted by the securities regulatory authorities in the place where the shares of the Company are listed.

**Article 190.** The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten days from the date of the Company pass the resolution in respect of the merger and shall publish an announcement in a newspaper within thirty days from the date of such resolution. A creditor shall have the right to require the Company to repay its debts or to provide a corresponding guarantee within thirty days from the date it receives the relevant notice or, in the case of a creditor who did not receive such notice, within forty-five days from the date of the relevant announcement.

Upon the merger, claims and debts of each of the merged parties shall be assumed by the company survives the merger or the newly established company.

**Article 191.** In the event of a split-up of the Company, its properties shall be divided up accordingly.

In the event of a split-up, the Company shall prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten days from the date of the Company pass the resolution in respect of the split-up and shall publish an announcement in a newspaper within thirty days from the date of such resolution.

Unless otherwise agreed in writing between the Company and its creditors in relation to the repayment of debts before the split-up, the surviving companies after the split-up shall assume the indebtedness of the Company incurred before such split-up.

**Article 192.** The Company shall, in accordance with law, apply for change in registration with the company registration authority where there is a change in any item in its registration as a result of any merger or split-up; in case of the Company is dissolved, the Company shall apply for deregistration in accordance with the laws; in case of establishment of a new company, the Company shall apply for registration thereof in accordance with the laws.

## **Chapter 19. Dissolution and Liquidation of the Company**

**Article 193.** Under any of the following circumstances, the Company shall be dissolved and liquidated according to the laws:

- (1) the operating period stipulated in the Articles of Association expires or the occurrence of other events for dissolution stipulated in the Articles of Association;
- (2) the general meeting resolved to dissolve the Company;
- (3) the Company is required to dissolve as a result of a merger or split-up;
- (4) the Company is declared bankrupt according to law because it is unable to pay its due debts;
- (5) its business license has been revoked, or it is ordered to close down or is deregister according to the laws;
- (6) the Company is ordered to close due to breach of laws or administrative regulations;
- (7) the Company has experienced material difficulties in operation and management, and the continuous operation would lead to substantial losses to the interests of its shareholders and there are no other solutions to resolve the matters, shareholders holding 10% or more of the total voting rights of the Company may appeal to the People's Court for dissolution of the Company.

**Article 194.** If the Company is under the circumstance stated in item (1) of Article 193 of the Articles of Association, the Company can continue operation by amending the Articles of Association.

The amendments to the Articles of Association pursuant to the aforesaid provision are subject to the approval by shareholders holding more than two-thirds of the voting rights of the shareholders presented at the general meeting.

**Article 195.** Where the Company is dissolved pursuant to items (2), (5) and (7) of Article 193, a liquidation committee shall be formed within 15 days from the date of occurrence of such grounds for dissolution, to start the liquidation process. The composition of the liquidation committee shall be determined by directors or the general meeting. In case no such committee is established within the required timeframe, the creditors may make an application to the People's Court for appointing relevant persons to form the liquidation committee for liquidation. Where the Company is to be dissolved pursuant to item (4) of Article 193, the People's Court shall, in accordance with the relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to set up a liquidation committee to carry out liquidation. Where the Company is to be dissolved pursuant to item (6) of Article 193, the relevant competent authorities shall arrange for the shareholders, relevant authorities and relevant professionals to set up a liquidation committee to carry out liquidation.

**Article 196.** Where the Board of Directors decides to liquidate the Company for any reason other than the Company's declaration of its own bankruptcy, the Board of Directors shall include a statement in its notice convening a general meeting to consider the proposal to the effect that the Board of Directors has conducted a comprehensive investigation into the affairs of the Company and is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

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

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

**Article 197.** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) To sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) To notify creditors by sending notice and making public announcement;
- (3) To deal with and settle any outstanding businesses of the Company;
- (4) To pay outstanding taxes as well as taxes arising in the course of liquidation;
- (5) To settle claims and debts;

(6) To dispose of the remaining assets of the Company after the repayment of debts;

(7) To represent the Company in any civil proceedings.

**Article 198.**

The liquidation committee shall notify creditors within 10 days from the date of its establishment and publish announcements in newspapers within 60 days. The creditors may declare their claims to the liquidation committee within 30 days from the date it receives the above notice or within 45 days from the date of announcement if no such notice is received.

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

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

**Article 199.**

After sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit to the shareholders' general meeting or to the competent authorities for confirmation.

The assets of the Company shall be used to pay liquidation expenses, staff wages and social insurance expenses and statutory compensation, outstanding taxes, and repay the Company's debts, and the remaining assets of the Company after repayment of its debts shall be distributed to the shareholders of the Company in proportion to their respective shareholdings.

During the liquidation period, the Company continues to exist, but it shall not engage in any operation activities irrelevant to the liquidation. Before using for liquidation in accordance with the previous provision, the assets of the Company will not be distributed to the shareholders.

**Article 200.**

Where the Company is liquidated for dissolution, if, after sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, it shall apply to the People's Court for bankruptcy.

After the People's Court rules the Company bankrupt, the liquidation committee shall handover the liquidation matters to the People's Court.

**Article 201.** Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of the income and expenses and financial account books for the liquidation period, and after verified by a certified public accountant in the People's Republic of China, submit the same to the general meeting or the competent authorities for confirmation. The aforesaid documents shall then be submitted to the company registration authority for cancellation of the registration of the Company and make an announcement on the termination of the Company within 30 days from the date of confirmation by the general meeting or the competent authorities.

## **Chapter 20. Amendments to the Articles of Association**

**Article 202.** The Company may amend the Articles of Association according to the provisions of laws, administrative regulations, the listing rules in the place where the Company's shares are listed and the Articles of Association.

**Article 203.** The following procedures shall be followed when amending the Articles of Association:

- (1) The Board of Directors shall pass a resolution in respect of the amendment to the Articles of Association first and prepare a proposal for amending the Articles of Association;
- (2) The Board of Directors shall convene a general meeting for voting on such proposals thereat;
- (3) The general meeting approves such proposals by special resolution;
- (4) The Company shall submit the amended Articles of Association to the company registration authority for filing.

**Article 204.** Amendments to the Articles of Association that involve the contents of the Mandatory Provisions shall become effective upon approval by the department authorized by the State Council and competent securities authorities of the State Council (if necessary). Where amendment involves the registered particulars of the Company, application shall be made for alteration of registration in accordance with the law.

## Chapter 21. Settlement of Disputes

**Article 205.** The Company shall abide by the following principles for settlement of disputes:

- (1) Whenever any disputes or claims of rights arise between holders of overseas-listed shares and the Company, holders of overseas-listed shares and the Company's directors, supervisors, general manager or other senior management officers, or holders of overseas-listed shares and holders of domestic shares, in respect to any rights or obligations arising from the Articles of Association, Company Law and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims of rights shall be referred by the relevant parties to arbitration.

Where the aforesaid disputes or claims of rights are referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the disputes or claims or whose participation is necessary for the resolution of such disputes or claims, shall, where such person is the Company or the Company's shareholders, directors, supervisors, general manager or other senior management officers, comply with the decisions made through arbitration.

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

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

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

- (3) If any disputes or claims of rights arising from the item (1) above are settled by way of arbitration, the laws of the People's Republic of China (excluding the Special Administrative Region of Hong Kong, the Special Administrative Region of Macau and Taiwan region) shall apply, unless otherwise provided in the laws and administrative regulations.
- (4) The award of an arbitral body shall be final and conclusive and binding on all parties.

- (5) In the process of arbitration, the Articles of Association shall continue to be performed except for the disputes between the parties that are under arbitration.

## **Chapter 22. Supplementary Provisions**

**Article 206.** In the Articles of Association, the meaning of the term “accounting firm” is the same as that of “auditor”.

In the Articles of Association, “de facto controller” is the person who is not a shareholder of the Company but is able to actually control the acts of the Company through an investment, agreement or other arrangement.

In the Articles of Association, “no less than”, “within” or “no more than” includes the underlying number, while “more than” or “beyond” does not include the underlying number.

In the Articles of Association, “connected transaction” has the same meaning ascribed to it under the Hong Kong Listing Rules.

In the Articles of Association, “general manager” and “vice general manager” refer to the president and vice president of the Company respectively. In the Articles of Association and internal control system of the Company, president and general manager has the same meaning, while vice president and vice general manager also has the same meaning.

In the Articles of Association, “Renminbi” means the lawful currency of the People’s Republic of China.

In the Articles of Association, “laws and regulations of China” means the laws, regulations, rules and orders promulgated by the legislative, judicial and governmental authorities, which include act, statutory law or other legislative measures and regulations, rules, treaty, orders and decree.

In the Articles of Association, “business day” means the day which the Hong Kong Exchange open for securities trading.

**Article 207.** The Articles of Association are written in Chinese. Should there be any discrepancy between the versions in other languages and the Chinese version, the Chinese version shall prevail.

**Article 208.** If there are any conflicts between the Articles of Association and the laws, administrative regulations, other relevant normative documents and the listing rules of the places where the Company’s shares are listed, the laws, administrative regulations, other relevant normative documents and the listing rules of the places where the Company’s shares are listed shall prevail.



- Article 209.** The Articles of Association shall be interpreted by the Board of Directors of the Company.
- Article 210.** The Procedures of General Meetings, Procedures of the Board of Directors and the Procedures of the Supervisory Committee are included in the annex of the Articles of Association.
- Article 211.** The Articles of Association has been submitted to the general meeting by the Board of Directors and has been approved by the general meeting, which shall come into effective and be implemented upon the initial public offering of the overseas-listed foreign shares of the Company and from the date of its listing and trading on the Hong Kong Stock Exchange. The articles of association of the Company that are currently in force shall automatically lapse from the effective date of the Articles of Association.