

# **Huadian Fuxin Energy Corporation Limited**

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

## **Articles of Association**

**Revised at 2015 Annual General Meeting on June 28, 2016**

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*Note:* In the margin notes to the provisions of the Articles of Association, the “Company Law” refers to the “Company Law of the People’s Republic of China” (2005 Amendment); the “**Mandatory Provisions**” refer to the “Mandatory Provisions for Articles of Association of Companies Listed Overseas” (Zheng Wei Fa [1994] No. 21) jointly issued by the former State Council Securities Policy Committee and the former State Commission for Restructuring the Economic System; the “**Letter of Opinions on Supplementary Amendments**” refers to the “Letter of Opinions on the Supplementary Amendments to Articles of Association of Companies Listed in Hong Kong” (Zheng Jian Hai Han [1995] No. 1) jointly issued by the Overseas-Listing Department of the China Securities Regulatory Commission (“CSRC”) and the Production System Department of the former State Commission for Restructuring the Economic System; the “**Guidelines**” refer to the Guidelines on Articles of Association of Listed Companies (2006 Amendment) issued by CSRC (Zheng Jian Gong Si Zi [2006] No. 38); the “**Listing Rules**” refer to the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited”; the “**Appendix 3 to the Main Board Listing Rules**” refers to the Appendix 3 to the Listing Rules issued by The Stock Exchange of Hong Kong Limited; the “**Appendix 13D to the Main Board Listing Rules**” refers to Part D of the Appendix 13 to the Listing Rules issued by The Stock Exchange of Hong Kong Limited.

## Huadian Fuxin Energy Corporation Limited

### Articles of Association

#### Chapter 1: General Provisions

- Article 1** In order to protect the lawful rights and interests of Huadian Fuxin Energy Corporation Limited (hereinafter “the Company”) and its shareholders and creditors, regulating the organization and acts of the Company, these Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), Securities Law of the People’s Republic of China (the “Securities Law”), State Council’s Special Regulations Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Share (the “Special Regulations”), Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (the “Mandatory Provisions”), the Opinions on the Revision and Supplement to Articles of Association of Companies to be Listed on Hong Kong (the “Revision and Supplement to the MP”), Guidelines on Articles of Association of Listed Companies (2006 Amendment) (the “Guidelines”) and other relevant laws and regulations.
- Article 1 of the Mandatory Provisions  
Article 1 of the Guidelines
- Article 2** The Company is a joint stock limited company established in accordance with the Company Law, the Special Regulations and other relevant laws and regulations of the People’s Republic of China (The “PRC”).
- Article 1 of the Mandatory Provisions  
Article 2 of the Guidelines
- The Company was registered with and has obtained a business license from Administration for Industry and Commerce of Fujian Province on August 19, 2011. The Company’s business license number is: 350000100004157.
- Paragraph (a), Section 1, Appendix 13D to the Main Board Listing Rules
- The promoters of the Company are: China Huadian Corporation, China Power Engineering Consulting (Group) Investment Co., Ltd., Kunlun Trust Co., Ltd., Guizhou Wujiang Water And Electricity Development Co., Ltd., China Huadian Engineering Co., Ltd., Industrial Innovation Capital Management Co., Ltd. and Fujian Datong Venture Investment Limited (福建省大同創業投資有限公司).
- Unless otherwise specified, the Mandatory Provisions and Letter of Opinions on Supplementary Amendments mentioned hereinafter shall be deemed to have mentioned Paragraph (a), Section 1, Appendix 13D to the Main Board Listing Rules.

- Article 3** The Company's registered Chinese name: 華電福新 能源股份有限公司. The Company's registered English name: Huadian Fuxin Energy Corporation Limited. Article 2 of the Mandatory Provisions  
Article 4 of the Guidelines
- Article 4** The registered address of the Company:  
25/F, Mayfair Mansions, 111 Wusi Road,  
Fuzhou City, Fujian Province  
Postal code: 350003  
Telephone number: 0591-87853236  
Facsimile number: 0591-87028255 Article 3 of the Mandatory Provisions  
Article 5 of the Guidelines
- Article 5** The Chairman of the board of directors shall be the company, legal representative. Article 4 of the Mandatory Provisions  
Article 8 of the Guidelines
- Article 6** The Company is a joint stock limited company of perpetual existence. Article 5 of the Mandatory Provisions  
Article 7 of the Guidelines
- The Company is an independent legal entity with independent properties and rights therein, which shall enjoy civil rights and assume civil obligations in accordance with the law.
- All the company's assets are divided into equal shares. Each shareholder is responsible to the company up to his subscribed shares. The company is responsible for its debts up to its total assets. Article 9 of the Guidelines
- Article 7** The Articles of Association are approved by the special resolution of the shareholders' meeting of the Company and shall become effective on the date when the overseas listed shares, permitted by relevant departments of the PRC, are listed on The Stock Exchange of Hong Kong Limited (hereinafter "the HK Stock Exchange") and replace the Articles of Association which has been registered with the Administration for Industry and Commerce. Article 6 of the Mandatory Provisions
- From the date on which the Articles of Association come into effect, the Articles of Association shall become a legally binding document which regulates the Company's organization and behavior, the rights and obligations between the Company and the shareholders, and among the shareholders. Article 10 of the Guidelines

**Article 8** The Articles of Association are binding on the Company and its shareholders, directors, supervisors, general manager and other senior management officers of the Company; all of whom are entitled, according to the Articles of Association, to make claims in respect of rights concerning the matters of the Company.

Article 7 of the  
Mandatory Provisions  
Article 10 of the  
Guidelines

Subject to Article 215 of the Articles of Association, a shareholder may take action against the Company pursuant to the Articles of Association and vice versa. A shareholder may also take action against another shareholder, the directors, supervisors, general manager and other senior management officers of the Company pursuant to the Articles of Association.

The actions referred to in the preceding paragraph include court proceedings and arbitration proceedings.

Article 11 of the  
Guidelines

In the previous paragraph, the “other senior management officers” refer to the deputy general manager, financial controller, chief economist and secretary to the board of directors and other officers employed by the board of directors.

**Article 9** Upon approval of relevant governmental department, the Company may set up subsidiaries or branches such as sub-branches, representatives and offices in overseas or Hong Kong, Macau and Taiwan, according to its operating and management needs.

**Article 10** The Company may invest in other enterprises provided, however, that it shall not become an investor that shall bear several and joint liabilities for the debts of the enterprises it invests in, unless otherwise provided by law.

Article 15 of the  
Company Law Article  
8 of the Mandatory  
Provisions

## **Chapter 2: The Company’s Objectives and Scope of Business**

**Article 11** The Company’s objectives includes: running the business of electric power generated by clean energy and newly emerging energy such as water power and wind power; maximizing the Company’s value and shareholders’ benefits, and ensuring advanced, low-carbon and green energy for the development of national economy and society.

Article 9 of the  
Mandatory Provisions  
Article 12 of the  
Guidelines

**Article 12** The business scope of the Company shall be limited to activities approved by the approving authorities of the Company and the industrial and commercial administrative authorities.

Article 10 of the Mandatory Provisions  
Article 13 of the Guidelines

The Company's scope of business includes: production and sale of electric power; building of electric power infrastructure; supervision and management of power facilities, consultation service for electric power technology and management; comprehensive application of electric power resources; and development of green and other high and new technologies; trading of coal, ore, steel, electronic equipment, metal, machinery and electronic products and building materials; conducting export and import business related to various commercial products and technology via self-operation or as an agent.

The Company may change its scope of business by law in accordance with the domestic and international market demand, its capability of development and the requirements of its business.

### Chapter 3: Shares, Share Transfer and Registered Capital

**Article 13** There must, at all times, be ordinary shares in the Company Subject to the approval of the companies approving department authorized by the State Council, the Company may, according to its requirements, create different classes of shares.

Article 11 of the Mandatory Provisions  
Section 9, Appendix 3 to the Main Board Listing Rules

**Article 14** The equities of the Company shall be represented by shares. The shares issued by the Company shall each have a par value of Renminbi one yuan.

Article 12 of the Mandatory Provisions  
Article 14 of the Guidelines

Renminbi referred to in the preceding paragraph shall mean the lawful currency of the People's Republic of China.

Article 16 of the Guidelines

**Article 15** Issuing of company shares shall adopt an open, fair and just principle. Shares of the same type shall have equal rights.

Section 9, Appendix 3 to the Main Board Listing Rules

During the issuance of the same type of shares, each share shall have the same conditions of issuance and price. Any such share subscribed by any unit or individual should charge the same price.

Article 15 of the Guidelines

**Article 16** Subject to the approval of the securities authority of the State Council, the Company may issue shares to Domestic Investors and Foreign Investors. Article 13 of the Mandatory Provisions

“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 PRC excluding the regions mentioned above.

**Article 17** Shares which the Company issues to domestic investors for subscription in Renminbi shall be referred to as Domestic Shares. Shares which the Company issues to foreign investors for subscription in foreign currencies shall be referred to as Foreign Shares. Foreign shares which are listed overseas are called Overseas Listed Foreign Shares. Article 14 of the Mandatory Provisions Section 9, Appendix 3 to the Main Board Listing Rules

“Foreign currencies” mean the legal currencies of countries or districts outside the PRC which are recognized by the foreign exchange authority of the State and which can be used to pay the share price to the Company.

Overseas-listed foreign shares issued by the Company and which are listed in Hong Kong shall be referred to as “H Shares”. H Shares are shares which have been admitted for listing on the HK Stock Exchange, the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

The holders of domestic shares may transfer their shares to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange, subject to the approval of the securities authority of the State Council. To list or trade the transferred shares on an overseas stock exchange shall also be subject to the regulating procedures, rules and requirements of the overseas stock market. Voting by holders of different classes of shares is not required in the situation where the transferred shares are listed or trade on an overseas stock exchange.



**Article 18** As approved by the Company approving authority, the total number of ordinary shares issued by the Company to its promoters at the time of its establishment was 6,000,000,000 shares, including 5,148,005,950 shares subscribed and held by China Huadian Corporation, representing 85.80% of total ordinary shares of the Company in issue; 262,008,733 shares subscribed and held by China Power Engineering Consulting (Group) Investment Co., Ltd. representing 4.37% of total ordinary shares of the Company in issue; 209,606,987 shares subscribed and held by Kunlun Trust Co., Ltd., representing 3.49% of total ordinary shares of the Company in issue; 194,523,414 shares subscribed and held by Guizhou Wujiang Water and Electricity Development Co., Ltd., representing 3.24% of total ordinary shares of the Company in issue; 81,051,423 shares subscribed and held by China Huadian Engineering Co., Ltd., representing 1.35% of total ordinary shares of the Company in issue; 78,602,620 shares subscribed and held by Industrial Innovation Capital Management Co., Ltd., representing 1.31% of total ordinary shares of the Company in issue; and 26,200,873 shares subscribed and held by Fujian Datong Venture Investment Limited, representing 0.44% of total ordinary shares of the Company in issue.

Article 15 of the  
Mandatory Provisions  
Article 15 of the  
Guidelines

**Article 19** Subsequent to its establishment, the Company has issued 2,570,223,120 overseas-listed foreign shares upon approval by the securities regulatory authority under the State Council. Upon completion of the issuance of the overseas-listed foreign shares as aforementioned, the share holding structure of the Company shall be as follows: 5,008,785,336 shares held by China Huadian Corporation, representing 59.57% of total ordinary shares of the Company in issue; 254,923,074 shares held by China Power Engineering Consulting (Group) Investment Co., Ltd., representing 3.03% of total ordinary shares of the Company in issue; 203,938,459 shares held by Kunlun Trust Co., Ltd., representing 2.43% of total ordinary shares of the Company in issue; 189,262,801 shares held by Guizhou Wujiang Water and Electricity Development Co., Ltd., representing 2.25% of total ordinary shares of the Company in issue; 78,859,501 shares held by China Huadian Engineering Co., Ltd., representing 0.94% of total ordinary shares of the Company in issue; 76,476,922 shares held by Industrial Innovation Capital Management Co., Ltd., representing 0.91% of total ordinary shares of the Company in issue; 25,492,307 shares held by Fujian Datong Venture Investment Limited, representing 0.30% of total ordinary shares of the Company in issue; 2,570,223,120 shares held by holders of H shares, representing 30.57% of total ordinary shares of the Company in issue.

Article 19 of the  
Guidelines Section



**Article 20** The Company's board of directors may implement, through separate offerings, the proposals for the issuance of overseas-listed foreign shares and domestic shares upon approval by the securities authority of the State Council. Article 17 of the Mandatory Provisions

The Company may implement its proposal to issue 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 21** Where the total number of shares stated in the proposal for the issuance of shares includes overseas-listed foreign shares and domestic shares, such shares should be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for 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 branches. Article 18 of the Mandatory Provisions

**Article 22** Upon completion of the issuance of the aforesaid overseas-listed foreign shares, the registered capital of the Company will be RMB8,407,961,520. Article 19 of The Mandatory Provisions

**Article 23** The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to the Company's Articles of Association. Article 20 of the Mandatory Provisions  
Article 21 of the Guidelines

The Company may increase its capital in the following ways:

- (1) offering new shares to non-specially-designated investors for subscription;
- (2) issuing new shares to specially-designated investors and/or its existing shareholders;
- (3) allotting bonus Shares to its existing shareholders;
- (4) conversion of capital reserve into share capital; and
- (5) any other means which is stipulated by law and administrative regulation and approved by the securities regulatory authority under the State Council.

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, the issuance thereof should be made in accordance with the procedures set out in the relevant laws and administrative regulations.

After the Company's increase or decrease of share capital, the Company shall register with the Administration for Industry and Commerce and issue an announcement.

**Article 24** Unless otherwise stipulated in the relevant laws or administrative regulations or when permitted by the HK Stock Exchange, shares in the Company shall be free from any restriction on the right of transfer and shall also be free from all liens.

Article 21 of the Mandatory Provisions  
Article 26 of the Guidelines  
Paragraph (2), Section 1, Appendix 3 and Rule 19A.46 of the Main Board Listing Rules

**Article 25** The Company may not accept its own shares as the subject matter of a pledge.

Article 27 of the Guidelines

**Article 26** Shares of the Company held by the promoter are not transferable within one year commencing from the date of establishment of the Company. Shares of the Company that are already in issue prior to its public offering are not transferable within one year commencing from the date on which the shares of the Company were listed and traded on a stock exchange.

Article 28 of the Guidelines

The directors, supervisors and senior management officers of the Company shall report to the Company the number of shares held by them in the Company and the subsequent changes in their shareholdings. The number of shares which a director, supervisor or senior management officer may transfer every year during his period of office shall not exceed 25% of the total number of the Company's shares in his or her possession; and shares of the Company in his or her possession are not transferable within one year commencing from the date on which the shares of the Company were listed and traded on a stock exchange. Such personnel shall not transfer the Company's shares in their possession within six months after they have terminated their employment with the Company. If the restriction on the transfer of shares provided here in relates to H Share, the approval of the HK Stock Exchange is required.

**Article 27** Any gains from the sale of shares of the Company by any Company's director, supervisor, senior management officer or shareholders holding not less than 5% of the shares in the Company within six months after purchasing such shares, or thereafter any gains from repurchasing such shares in the Company within six months after the sale thereof, shall be vested in by the Company. The board of directors of the Company shall forfeit such gains from the abovementioned parties. If the restriction on the transfer of shares provided herein relates to H Share, the approval of the HK Stock Exchange is required. However, if a securities company undertakes unsold shares, thereby holding not less than 5% of the shares, the sale of these shares shall not be subject to the said six month restriction.

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

If the board of directors of the Company fails to comply with the provision set for thin the preceding paragraph, a shareholder shall have the right to require the board of directors to affect the same within thirty days. If the board of directors fails to do so within the said time limit, a shareholder shall have the right to initiate proceedings in a court directly in his own name in the interests of the Company.

If the board of directors of the Company fails to comply with the provision set for thin the first paragraph of this Article, the responsible director(s) shall be jointly and severally liable therefor in accordance with the law.

#### **Chapter 4: Reduction of Capital and Repurchase of Shares**

**Article 28** The Company may reduce its registered capital. The reduction of the registered capital shall follow the procedures set out in the Articles of Association in accordance with the Company Law and other relevant regulations.

Article 22 of the Mandatory Provisions Article 22 of the Guidelines

**Article 29** The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

Article 23 of the Mandatory Provisions Article 176 of the Guidelines

The Company shall notify its creditors within ten days of the date of the Company's resolution for reduction of registered capital and shall publish an announcement in a newspaper designated by the stock exchange(s) on which the shares of the Company are listed within thirty days of the date of such resolution. A creditor has the right within thirty days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within forty-five days of the date of the announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debt.

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

**Article 30** The Company may, in accordance with the procedures set out in the Articles of Association and subject to the approval of the relevant governing authorities of the PRC, repurchase its issued shares under the following circumstances: Article 24 of the Mandatory Provisions  
Article 23 of the Guidelines

- (1) cancellation of its shares for the purpose of reducing its registered capital;
- (2) merging with another company which holds the shares of the Company;
- (3) granting shares as incentive compensation to the staff of the Company;
- (4) acquiring the shares of shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company and subsequently request the Company to do so; or
- (5) other circumstances permitted by the laws and administrative regulations.

**Article 31** The Company may, upon the approval of the relevant PRC governing authorities, repurchase its shares in one of the following ways: Article 25 of the Mandatory Provisions  
Article 24 of the Guidelines

- (1) making a pro rata general offer of repurchase to all its shareholders;

- (2) repurchasing shares through public trading on a stock exchange;
- (3) repurchasing by an off-market agreement; and
- (4) other ways as approved by the relevant regulatory authorities.

**Article 32** The Company must obtain the prior approval of the shareholders in a general meeting, in the manner stipulated in the Company's Articles of Association, before it can repurchase shares by means of an off-market agreement. The Company may, by obtaining the prior approval of the shareholders in a general meeting, in the same manner, release or, vary or waive its rights under an agreement which has been so entered into.

Article 26 of the  
Mandatory Provisions

An agreement for the repurchase shares referred to in the preceding paragraph includes (without limitation) an agreement to become liable to repurchase shares or an agreement to have the right to repurchase shares.

The Company shall not assign an agreement for the repurchase of its shares or any right contained in such an agreement.

As regards redeemable shares that, where the issuer has the right to repurchase redeemable share, repurchase not made through the market or by tender shall be limited to a maximum price; and if repurchase are made by tender, tenders shall be available to all shareholders alike.

Paragraphs (1)  
and (2), Section 8,  
Appendix 3 to the  
Main Board Listing  
Rules

**Article 33** Shares repurchased by the Company in accordance with subparagraphs (1), (2) and (4) of the Article 30 herein shall be cancelled or transferred within the period prescribed by laws and administrative regulations (Shares repurchased under subparagraph (1) shall be cancelled within ten days from the date of acquisition; for those circumstances described under subparagraphs (2) and (4), the shares shall be transferred or cancelled within six months); and the Company shall apply to the original company registration authority for registering the change of its registered capital and make an announcement thereof. The shares repurchased by the Company in accordance with subparagraph (3) of the Article 30 shall not exceed the maximum percentage permitted by laws and administrative regulations. The payment for share repurchase shall be made out of the Company's after-tax profit, and the share repurchased shall be transferred to the staff within the period prescribed by laws and administrative regulations.

Article 27 of the  
Mandatory Provisions  
Article 25 of the  
Guidelines

If the Company cancels the shares as a result of repurchase of shares, it shall register the changed registered capital with the original company registration authority. The aggregate par value of the cancelled shares shall be deducted from the Company's registered share capital.

**Article 34** Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its issued shares: Article 28 of the  
Mandatory Provisions

- (1) where the Company repurchases shares at par value, payment shall be made out of book surplus distributable profits of the Company or out of proceeds of a new issue of shares made for that purpose;
- (2) where the Company repurchases shares of the Company at a premium to its par value, payment up to the par value may be made out of the book surplus distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
  - (i) if the shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;
  - (ii) if the shares being repurchased were issue data premium to its par value, payment shall be made out of the book surplus distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose, provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate amount of premiums received by the Company on the issue of the shares repurchased nor shall it exceed the book value of the Company's premium account (or capital reserve account) (including the premiums from the new issue) at the time of the repurchase;
- (3) the Company shall make the following payments out of the Company's distributable profits:
  - (i) payment for the acquisition of the right to repurchase its own shares;
  - (ii) payment for variation of any contract for the repurchase of its shares;



- (iii) payment for the release of its obligation(s) under any contract for the repurchase of 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 provisions, the amount deducted from the distributable profits of the Company for payment of the par value of shares which have been repurchased shall be transferred to the Company's premium account (or capital reserve account).

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

**Article 35** The Company or its subsidiaries shall not, at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares of the Company. The said person buying shares of the Company includes a person who directly or indirectly incurs any obligations due to the acquisition of shares of the Company.

Article 29 of the  
Mandatory Provisions  
Article 20 of the  
Guidelines

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

This provision does not apply to the circumstances as stated in Article 37 of this Chapter.

**Article 36** The financial assistance as referred to in this Chapter includes, but not limited to, the following:

Article 30 of the  
Mandatory Provisions

- (1) gift;
- (2) guarantee (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), compensation (other than compensation in respect of the Company's own default) or release or waiver of any rights;
- (3) provision of loan or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, and a change in parties to, or the assignment of rights arising under, such loan or agreement;  
and

- (4) any other kind of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

The expression “incurring an obligation” as referred to in this Chapter includes the incurring of obligations by way of contractor, by way of arrangement (irrespective of whether such contractor arrangement is enforceable or not, and irrespective of whether 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 the obligor’s financial position.

**Article 37** The following activities shall not be deemed to be activities as prohibited in Article 35 of this Chapter: Article 31 of the  
Mandatory Provisions

- (1) the provision of 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 the financial assistance is an incidental part of some larger purpose of the Company;
- (2) the lawful distribution of the Company’s assets by way of dividend;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the 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 that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company); and
- (6) the provision of money by the Company for contributions to staff and workers’ share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company).

## Chapter 6: Share Certificates and Register of Shareholders

**Article 38** Share certificates of the Company shall be in registered form. Article 32 of the  
Mandatory Provisions

In addition to those provided in the Company Law and the Special Regulations, a share certificate of the Company shall also contain any other items required to be specified by the stock exchange(s) on which the shares of the Company are listed.

During the listing of the Company's H shares on the main board of the HK Stock Exchange, the Company shall ensure that the following statements are included in all title documents (including H shares certificates) relating to its securities listed on the HK Stock Exchange and shall instruct and procure its share registrar to reject the registration of the subscription, acquisition or transfer of shares in the name of any individual holder unless and until the individual holder submits the appropriately signed form relating to such shares to the share registrar and the form shall contain the following statements: Rule 19A.52 of the  
Main Board Listing  
Rules

- (1) the share purchaser and the Company and each of the shareholders, and the Company and each of the shareholders agree to observe and comply with the requirements of the Company Law, Special Regulations and other relevant laws, administrative regulations and the Articles of Association.
- (2) the purchaser of the shares agrees with the Company and each of the shareholders, directors, supervisors, general manager and other senior management officers of the Company, and the Company, acting on behalf of itself and each of directors, supervisors, general manager and other senior management officers of the Company, agrees with each of the shareholders that, they will refer to arbitration for settlement of all disputes and claims arising from the Articles of Association, or disputes and claims of rights in relation to the Company's affairs arising from any rights or obligations under the Company Law or other relevant PRC laws and administrative regulations in accordance with the provisions of the Articles of Association, and that any referral to arbitration shall be deemed as an authorization to an arbitral court to hold a public hearing and announce its arbitration award to the public. Such award shall be final and conclusive.

- (3) the purchaser of the shares agrees with the Company and each of the shareholders of the Company that the shares of the Company may be freely transferable by the holder.
- (4) the purchaser of the shares authorizes the Company to enter into a contract on his behalf with each of the directors, general manager and other senior management officers, pursuant to which the directors, general manager and other senior management officers undertake to observe and fulfill their responsibilities under the Articles of Association to the shareholders.

**Article 39** The share certificates shall be signed by the chairman of the board of directors. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management officers, the share certificates shall also be signed by such senior management officers. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The share certificates shall only be affixed with the Company's seal under the authorization of the board of directors. The signatures of the chairman of the board of directors of the Company or other relevant senior management officers on the share certificates may also be in printed form.

Article 33 of the Mandatory Provisions Letter of Opinions on Supplementary Amendments – No. 1 Paragraph 2(1), Appendix 3 to Main Board Listing Rules

**Article 40** The Company shall maintain the register of shareholders and register the following particulars:

Article 34 of the Mandatory Provisions Article 30 of the Guidelines

- (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-up or payable in respect of shares held by each shareholder;
- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which each shareholder registers as a shareholder; and
- (6) the date on which any shareholder ceases to be a shareholder.

The register of shareholders shall be the sufficient evidence for the shareholders' share holding in the Company, except in cases with evidence to the contrary.

Any event or transfer of overseas-listed foreign shares shall be recorded on the register of shareholders for holders of overseas-listed foreign shares maintained at the place of listing in accordance with the Articles of Association.

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

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

- (1) the Company may not register more than four persons as joint holders of any share;
- (2) all joint holders of any share are 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 to be such persons as having the ownership of the relevant shares. The board of directors shall have the right, for the purpose of making amendments to the register of shareholders, to demand a death certificate where it deems appropriate to do so; and
- (4) in case of any joint holders of shares, only the joint holder whose name appears first in the register of shareholders is entitled to receive the share certificates of relevant shares and the Company's notices, and to attend and exercise all voting rights of such shares at a general meeting of the Company. Any notice delivered to that person shall be deemed as having been delivered to all joint holders of the relevant shares.

**Article 41** The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain its original register of holders of overseas-listed foreign shares outside China and appoint overseas agent(s) to manage such register. The original copy of register of holders of overseas-listed foreign shares listed in Hong Kong shall be maintained in Hong Kong.

Article 35 of the Mandatory Provisions Letter of Opinions on Supplementary Amendments – No. 2 Paragraph (b), Section 1, Appendix 13D to the Main Board Listing Rules

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(s) shall ensure the consistency between the original version and the duplicate register of holders of overseas-listed foreign shares at all times.

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

**Article 42** The Company shall maintain a complete register of shareholders. Article 36 of the Mandatory Provisions

The register of shareholders shall include the following parts:

- (1) the register of shareholders maintained at the Company's corporate domicile (other than those registers of shareholders as described in sub-paragraphs (2) and (3) of this Article);
- (2) the register of shareholders in respect of the holders of overseas-listed foreign shares of the Company maintained at the place where the overseas stock exchange on which the shares are listed is located; and
- (3) the register of shareholders maintained at such other place as the board of directors may consider necessary for the purpose of listing of the Company's shares.

**Article 43** Different parts of the register of shareholders shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders. Article 37 of the Mandatory Provisions

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



**Article 44** All fully paid-up overseas-listed foreign shares which 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 giving any reason, unless:

Letter of Opinions on Supplementary Amendments – No. 12 Rules 1(1) and 1(2), Appendix 3 to the Main Board Listing Rules

- (1) a fee (for each instrument of transfer) of HK\$2.50 or such maximum fee as shall for the time being be prescribed by the HK Stock Exchange has been paid to the Company to register the instrument of transfer of shares and other documents relating to or affecting the ownership of such shares;
- (2) the instrument of transfer involves only the overseas-listed foreign shares listed in Hong Kong;
- (3) the stamp duty payable on the instrument of transfer has been paid;
- (4) the relevant share certificates and any other evidence reasonably required by the board of directors showing that the transferor has the right to transfer such shares have been 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) no transfer of share shall be made to a minor or to a person of unsound mind or under legal disability.

Rule 1(3), Appendix 3 to the Main Board Listing Rules

If the Company refuses to register any transfer of shares, it shall provide the transferor and the transferee of the shares with a notification of refusal in relation to registration of shares within 2 months from the application for registration.

**Article 45** All transfers of overseas-listed foreign shares listed in Hong Kong shall be effected by instruments of transfer in writing in an ordinary or usual form or in any other form acceptable to the board of directors (including the standard transfer form or form of transfer as prescribed by the HK Stock Exchange from time to time). The instruments of transfer may only be signed by hand, or (where the transferor or transferee is a company) affixed with the common seal of the company. Where the transferor or transferee is a recognized clearing house (“Recognized Clearing House”) as defined by relevant ordinances in force from time to time in accordance with Hong Kong laws or its nominee, the instruments of transfer may be signed by hand or in a machine-imprinted format.

Rule 1(2), Appendix 3 to the Main Board Listing Rules

All instruments of transfer shall be maintained at the legal address of the Company or such other addresses as the board of directors may specify from time to time.

**Article 46** No share transfer may be entered in the register of shareholders within thirty days prior to the date of a shareholders’ general meeting or within five days before the record date set by the Company for the purpose of distribution of dividends. This Article shall not be applicable to the registration of changes in shareholder’ register in issuing new shares in accordance with Article 23 of the Articles of Association.

Article 38 of the Mandatory Provisions

**Article 47** Where the Company convenes a shareholders’ general meeting, distributes dividends, liquidates or carries out other activities which would require the determination of shareholdings, the board of directors shall fix a date for ascertainment of the shareholding. Upon the close of such date, the shareholders who remain on the register shall be deemed as the shareholders of the Company.

Article 39 of the Mandatory Provisions  
Article 31 of the Guidelines

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

Article 40 of the Mandatory Provisions

**Article 49** Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may, if his share certificates (the “Original Certificates”) are lost, apply to the Company for are placement share certificate in respect of such shares (the “Relevant Shares”).

Article 41 of the Mandatory Provisions

If a holder of the domestic shares loses his share certificates and applies for their replacement, it shall be dealt with in accordance with relevant provisions of the Company Law.

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

If a holder of foreign shares listed overseas in Hong Kong loses his 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 to the Company in prescribed form accompanied by a notarial act or statutory declaration, containing 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 titled to request to be registered as the shareholder in respect of the Relevant Shares.
- (2) no statement has been received by the Company from a person other than the applicant for having his name registered as a holder of the Relevant Shares before the Company came to a decision to issue the replacement 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 in a period of ninety days.
- (4) the Company shall, prior to the publication of its announcement of 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 such stock exchange that the announcement has been exhibited at the premises of the stock exchange. 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 shareholder a copy of the announcement to be published.

- (5) if, upon expiration of the ninety-day period referred to in sub-paragraphs (3) and (4) of this Article, the Company has not received from any person any objection to the issuance of replacement share certificate, the Company may issue a replacement share certificate to the applicant according to his application.
- (6) where the Company issues a replacement certificate under this Article, it shall forthwith cancel the Original Certificate and enter the cancellation and issue in the register of shareholders accordingly.
- (7) all expenses relating to the cancellation of an Original Certificate and the issue of are placement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 50** Where the Company issues are placement certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case where he is a bona fide purchaser) shall not be removed from the register of shareholders. Article 42 of the Mandatory Provisions

**Article 51** The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original certificate or the issuance of the replacement certificate, unless the claimant proves that the Company has acted fraudulently. Article 43 of the Mandatory Provisions

## Chapter 7: Rights and Obligations of Shareholders

**Article 52** A shareholder of the Company is a person who lawfully holds shares in the Company and whose name is entered in the register of shareholders. Article 44 of the Mandatory Provisions  
Article 30 of the Guidelines

A shareholder shall enjoy rights and assume obligations according to the class and numbers of shares held by him; shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations. All classes of shareholders of the Company shall have equal rights in any distribution in the form of a dividend or any other form.

Section 9, Appendix 3 to the Main Board Listing Rules

A shareholder of legal person shall appoint its legal representative or a proxy authorized by the legal representative to exert its rights on its behalf.

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

Section 12, Appendix 3 to the Main Board Listing Rules

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

Article 45 of the Mandatory Provisions  
Article 32 of the Guidelines

- (1) the right to receive dividends and other distributions in proportion to the number of shares held;
- (2) the right to attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting right there at;
- (3) the right to supervise and manage the Company's business operations, and to put forward proposals and raise inquiries;
- (4) the right to transfer shares in accordance with laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
  1. a copy of the Articles of Association upon payment of the costs thereof;
  2. the right to inspect and copy, subject to payment of reasonable charge:
    - (i) register of all shareholders;

- (ii) personal particulars of directors, supervisors, general manager and other senior management officers of the Company, including:
  - (a) present and former name and alias;
  - (b) principal address (place of residence);
  - (c) nationality;
  - (d) full-time position and all other part-time positions and duties;
  - (e) identification documents and the numbers thereof;
- 3. state of the share capital of the Company;
- 4. the latest audited financial statements of the Company, and the reports of the board of directors, auditors and supervisory committee; Section 19A.50 of the Main Board Listing Rule
- 5. special resolutions of the Company;
- 6. reports stating the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;
- 7. copy of the latest annual examination report filed with the administration for industry and commerce or other competent authorities of the PRC; and
- 8. minutes of shareholders' general meetings.

The Company shall place the documents referred to in the above sub-paragraphs 2 to 7 and any other applicable documents at the Company's address in Hong Kong in accordance with the Listing Rules for inspection by the public and holders of overseas-listed foreign shares free of charge. Article 33 of the Guidelines



Shareholders demanding inspection of the relevant information or provision of the materials mentioned in the preceding provision shall provide to the Company written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide such information at the shareholder's request.

- (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 according to the number of shares held; and
- (7) other rights conferred by laws, administrative regulations and the Articles of Association.

**Article 54** If a resolution passed at the Company's general meeting or board meeting violates the laws and regulations, the shareholders shall have the right to submit a petition to the court to render the same as invalid. Article 34 of the Guidelines

If the procedures for convening, or the methods of voting at, a shareholders' general meeting or board meeting violate the laws, regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, shareholders shall be entitled to submit a petition to the court to rescind such resolution within sixty days from the date on which such resolution is passed.

**Article 55** Where the Company incurs losses as a result of directors' and senior management officers' violation of the laws, regulations or the Articles of Association in the course of performing their duties, shareholders individually or jointly holding 1% or more of the Company, shares for not less than 180 consecutive days shall be entitled to request in writing the supervisory committee to initiate proceedings in the court. Article 35 of the Guidelines  
Where the Company incurs losses as a result of the supervisory committee's violation of any provision of laws, regulations or the Articles of Association in the course of performing its duties, the shareholders shall be entitled to make a request in writing to the board of directors to initiate proceedings in the court.

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

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

**Article 56** If any director or senior management officer damages the shareholders' interests by violating any law, regulation or the Articles of Association, the shareholders may lodge a lawsuit in the court. Article 36 of the Guidelines

**Article 57** Holders of ordinary shares of the Company shall assume the following obligations: Article 46 of the Mandatory Provisions

- (1) to abide by the Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription; Article 37 of the Guidelines
- (3) to assume liability of the Company based on their shares subscribed;
- (4) not to divest the shares other than as provided by laws and regulations;
- (5) not to abuse their right as shareholders to prejudice the interests of the Company or other shareholders; not to abuse the independence of the Company as a legal person and the limited liabilities of shareholders to prejudice the interests of creditors of the Company;

Shareholders of the Company who abuse their rights as shareholders and thereby cause losses to the Company or other shareholders shall be liable for indemnity according to the law.

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

- (6) other obligations imposed by laws, administrative regulations and the Articles of Association.

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

**Article 58** In addition to obligations imposed by laws, administrative regulations or required by the stock exchange on which shares of the Company are listed, a controlling shareholder (as defined in the Article below) shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company: Article 47 of the  
Mandatory Provisions

- (1) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) any approval for the directors or supervisor (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) any approval for the directors or supervisor (for their own account or for the account of other parties) to deprive another shareholder of his personal interest, including, but not limited to, any allocation right, and voting right, but excluding any corporate restructuring proposal made at the shareholders' general meeting in accordance with the Articles of Association.

The controlling shareholder or de facto controller of the Company may not use his connected relationship to damage the Company's interests. If this requirement is contravened, resulting in damage to the Company, he should be responsible to compensate.

The controlling shareholder and *de facto* controller of the Company have fiduciary duty towards the Company and shareholders holding the public shares of the Company. The controlling shareholder should exercise his rights as a contributor in strict compliance with the laws. The controlling shareholder cannot make use of methods such as the distribution of profits, restructuring of assets, external investment, possession of capital, borrowing or providing guarantee, in order to damage the legal interests of the Company and shareholders of public shares. He shall not make use of his controlling position to harm to the interests of the Company and public shareholders.

Article 39 of the Guidelines

**Article 59** For the purpose of the preceding Article, a controlling shareholder means a person who satisfies any one of the following conditions:

Article 48 of the Mandatory Provisions

- (1) any person acting on his own or in concert with other parties has the power to elect not less than half of the directors;
- (2) any person acting on his own or in concert with other parties has the power to exercise or control the exercise of 30% or more of the voting rights of the Company;
- (3) any person acting on his own or in concert with other parties holds 30% or more of the outstanding shares of the Company;
- (4) any person acting on his own or in concert with other parties has actual control over the Company in any other manner.

Article 192 of the Guidelines

The term of “acting in concert” referred to in this Article represents an act that any of two or more persons obtains the voting right in the Company by way of their agreement thereon (whether in oral or in written), so as to realize or reinforce their purpose of controlling the Company.

## Chapter 8: Shareholders’ General Meetings

**Article 60** The shareholders’ general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law.

Article 49 of the Mandatory Provisions

- Article 61** The shareholders' general meeting shall have the following functions and powers:
- Article 50 of the Mandatory Provisions  
Article 40 of the Guidelines
- (1) to decide the Company, operational guidelines and investment schemes;
  - (2) to elect and remove directors not being staff representatives and to determine matters relating to the directors' remunerations;
  - (3) to elect and remove supervisors not being staff representatives and to determine matters relating to the supervisors' remunerations;
  - (4) to consider and approve the reports of the board of directors;
  - (5) to consider and approve the reports of the supervisory committee;
  - (6) to consider and approve the Company, annual financial budgets and final accounts;
  - (7) to consider and approve the Company, profit distribution plan and plan for recovery of losses;
  - (8) to resolve on increase or reduction in the Company, registered capital;
  - (9) to resolve on the issue of debentures and other securities by the Company and the listing proposal of the Company;
  - (10) to resolve merger, demerger, dissolution, liquidation or change of form of business of the Company;
  - (11) to amend the Articles of Association;
  - (12) to resolve on the appointment, dismissal or non-reappointment of the accounting firms;
  - (13) to consider and approve external guarantees as provided in laws and regulations;

- (14) to consider and approve the purchases or sales of any material asset of the Company within a year which exceeds 30% of the Company's audited total assets in the latest period;
- (15) to consider and approve the share incentive plan;
- (16) to consider the motions put forward by shareholder(s) representing 3% or more of the Company's shares with voting rights; and
- (17) to resolve on any other matters to be resolved thereby as required by the laws, administrative regulations and the Articles of Association.

Subject to the laws, regulations and mandatory provisions of the listing rules of the listing place, the shareholders' general meeting may authorize or delegate the board of directors to handle the matters authorized or delegated by it.

**Article 62** Unless in a crisis or under other special circumstances, the Company shall not, without the prior approval of shareholders' general meeting, enter into any contract with any party (other than the directors, supervisors, general manager and other senior management officers) pursuant to which such party shall be in charge of management of the whole or any substantial part of the Company's business.

Article 51 of the  
Mandatory Provisions  
Article 81 of the  
Guidelines

**Article 63** A general meeting shall either be an annual general meeting or an extraordinary general meeting. The shareholders' general meetings shall be convened by the board of directors. Annual general meetings are held once every year and within six months from the close of the preceding financial year.

Article 52 of the  
Mandatory Provisions  
Article 42 of the  
Guidelines  
Article 43 of the  
Guidelines

The board of directors shall convene an extraordinary general meeting within two months of the occurrence of any one of the following circumstances:

- (1) 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 share capital;



- (3) where any shareholder holding severally or jointly 10% or more of the Company's issued shares carrying voting rights requests in writing for the convening of an extraordinary general meeting;
- (4) when deemed necessary by the board of directors or when requested by the supervisory committee; or
- (5) when proposed by half or more of independent directors.

**Article 64** The Company shall hold the shareholders' general meeting at the domicile of the Company or such other place as notified by the convener of the shareholders' general meeting. Article 44 of the Guidelines

A general meeting shall have venue where it shall be held in the form of a physical meeting. The Company may also provide online transmission or other ways for the convenience of shareholders' attendance. Shareholders who attend the meeting in the aforesaid manners shall be deemed as present.

**Article 65** A forty-five days' prior written notice for convening the shareholders' general meeting shall be given to notify shareholders whose names appear in the register of shareholders of the matters proposed to be considered and the date and place of the meeting. Shareholders who intend to attend the meeting shall serve the written reply slip to the Company twenty days prior to the date of the meeting. Article 53 of the Mandatory Provisions

The date of the shareholders' general meeting and the date when the notice is dispatched shall not be included in the calculation of the period for issuing such notice.

For the notice delivered under this Article, the date of delivery shall be the date on which the notice is severed on relevant post office by the Company or its share registrar.

**Article 66** When the Company convenes an annual general meeting, shareholders holding 3% or more of the Company's shares with voting rights have the right to put up ad hoc proposals in writing to the Company, and the Company shall include such ad hoc proposals into the agenda for such general meeting if they are matters falling within the functions and powers of general meeting. Article 54 of the Mandatory Provisions Article 53 of the Guidelines

The ad hoc proposals raised by shareholders shall satisfy the following requirements: Article 52 of the Guidelines

- (1) Free of conflicts with the provisions of laws and regulations, and fall into the business scope of the Company and the terms of reference of the shareholders' general meeting;
- (2) With definite topics to discuss and specific matter store solve; and
- (3) Submitted or served to the board of directors in writing ten days prior to the date of the shareholders' general meeting.

**Article 67** The Company shall, based on the written replies received twenty days before the date of the shareholders' general meeting, calculate the number of shares with voting right represented by the shareholders who intend to attend the meeting. If the number of shares with voting rights represented by the shareholders who intend to attend the meeting reaches one half or more of the Company's total shares with voting rights, the Company may hold the shareholders' general meeting. Otherwise, the Company shall within five days notify the shareholders, again by way of a public announcement, of the matters to be considered at, and the place and date for, the meeting. The Company may then proceed to hold the meeting. Article 55 of the Mandatory Provisions

An extraordinary general meeting shall not transact matters not stated in the notice of meeting.

**Article 68** Notice of a general meeting shall:

- (1) be in writing;
- (2) specify the place, date and time of the meeting;
- (3) set out the matters to be considered at the meeting;
- (4) set out the record date for shareholders who are entitled to attend the shareholders' general meeting;

Article 56 of the Mandatory Provisions  
Article 55 of the Guidelines

- (5) 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), where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganize the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed contract (if any), and the cause and effect of such proposal shall be properly described;
- (6) disclose the nature and extent of the material conflict of interest, if any, of any director, supervisor, general manager and other senior management officer 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 would affect such director, supervisor, general manager or other senior management officer in his/her capacity as shareholders and the way in which such matter would affect other shareholders of the same class;
- (7) set out the full text of any special resolution proposed to be passed at the meeting;
- (8) contain an express statement that a shareholder entitled to attend and vote have the right to appoint one or more proxies to attend and vote on his behalf and that such proxy need not be a shareholder;
- (9) specify the time and place for lodging proxy forms for the relevant meeting; and
- (10) specify the name and telephone number of the contact person fixed for routine activities.

**Article 69** Notice of a general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), by personal delivery or prepaid mail to the address of the shareholders as shown in the register of shareholders. For holders of domestic shares, notices of general meeting can be given by way of public announcement.

Article 57 of the  
Mandatory Provisions

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority of the State Council within the interval between forty-five days and fifty days before the date of the meeting; after the publication of announcement, the holders of domestic shares shall be deemed to have received notice of the relevant general meeting.

**Article 70** The accidental mission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting and the Resolutions passed at the meeting. Article 58 of the Mandatory Provisions Article 169 of the Guidelines

**Article 71** Any shareholder who is entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote on his behalf. A proxy so appointed shall exercise the following rights pursuant to such authorization: Article 59 of the Mandatory Provisions Article 59 of the Guidelines

- (1) such shareholder's right to speak at the meeting;
- (2) the right to demand a poll alone or jointly with others; and
- (3) unless otherwise required by applicable securities listing rules or other securities laws and regulations, the right to vote by a show of hands or on a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights on a poll.

Where such shareholder is a Recognized Clearing House (or its nominees), it may authorize one or more persons as it thinks fit to act as its representative(s) at any shareholders' general meeting or any class meeting provided that, if one or more persons are so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. The person(s) so authorized will be entitled to exercise the same power on behalf of the Recognized Clearing House (or its nominees) as if such person were an individual shareholder of the Company. Opinions of HKSC

**Article 72** The instrument appointing a proxy must be made in writing and signed under the hand of the appointer or his attorney duly authorized in writing. As for an appointer of legal person, the instrument shall be made additionally under the seal of legal person or under the hand of its director or attorney duly authorized. The power of attorney shall state the number of shares represented by the said proxy; in the case that more than one proxy is appointed, the instrument shall state the number of shares respectively represented by each proxy of the shareholder.

Article 60 of the  
Mandatory Provisions  
Article 61 of the  
Guidelines

**Article 73** The proxy form shall be deposited at the address of the Company or any other place specified in the notice of the meeting not less than twenty-four hours prior to the time appointed for the holding of the meeting or twenty-four hours prior to the time appointed for voting. 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.

Article 61 of the  
Mandatory Provisions  
Article 63 of the  
Guidelines

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 organ to act as its representatives may attend the shareholders' general meeting of the Company as are presentative of the appointer.

The Company is entitled to require the proxy attending the shareholders' general meeting on behalf of a shareholder to produce his identification document.

If a legal person shareholder appoints its representative to attend the meeting, the Company is entitled to require the representative to present his own identification document and a notarially certified copy of the resolution or power of attorney authorized by the board of directors or other competent body of such legal person shareholder (except for the Recognized Clearing House or its proxies).

- Article 74** 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 in favor of or against each resolution dealing with the businesses to be transacted at the meeting. Such a form shall contain a statement that the proxy may vote as he thinks fit in the absence of shareholder's instruction. Article 62 of the Mandatory Provisions
- Article 75** Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given by the proxy in accordance with the power of attorney shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting. Article 63 of the Mandatory Provisions
- Article 76** When convening a general meeting, unless there is reasonable ground, all directors, supervisors and the secretary to the board of directors shall attend the meeting while the other senior management officers shall attend the meeting as non-voting participants. Article 66 of the Guidelines
- Article 77** The president of the meeting should, prior to the voting announce the number of shareholders and proxies present at the venue of the meeting and the total shares with voting rights held by them, and the number of shareholders and proxies present at the venue of meeting and the shares with voting rights held by them shall be subject to the register of the shareholders' general meeting. Article 71 of the Guidelines
- Article 78** Resolutions of general meetings are classified as ordinary resolutions and special resolutions. Article 64 of the Mandatory Provisions  
Article 75 of the Guidelines
- To adopt an ordinary resolution, not less than one-half of the voting rights represented by the shareholders (including proxies) present at the meeting must be cast in favor of the resolution.
- To adopt a special resolution, not less than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be cast in favor of the resolution.
- Article 79** Shareholders (including proxies) 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 upon voting at the shareholders' general meeting. Article 65 of the Mandatory Provisions  
Article 78 of the Guidelines

The shares held by the Company carry no voting rights and shall not be counted into the total number of shares with voting rights held by shareholders attending the meeting.

When a connected transaction is considered in a general meeting, connected shareholders shall, as provided in the listing rules of the stock exchange where the Company's shares are listed, abstain from voting on such connected transactions and the number of shares with voting right they represent shall not be counted into the total number of valid votes.

Section 14, Appendix 3 to the Main Board Listing Rules

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

**Article 80** Unless otherwise specified by applicable rules governing the listing of securities or other securities laws and regulations, are solution shall be voted by a show of hands unless a poll is demanded (before or after a vote is announced to be carried out by a show of hands):

Article 66 of the Mandatory Provisions

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

Unless otherwise specified by applicable rules governing the listing of securities or other securities laws and regulations or a poll is demanded according to the preceding provisions, a declaration by the chairman that are solution has been passed on a show of hands and an entry to that effect in the minutes of meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favor of or against such resolution.



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

**Article 81** A poll demanded on such matters as the election of chairman or the adjournment of the meeting shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the Chairman may decide, and the meeting may proceed to discuss other matters. The results of the poll to be taken shall still be deemed to be a resolution of that meeting. Article 67 of the Mandatory Provisions

**Article 82** On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way. Article 68 of the Mandatory Provisions

**Article 83** Where there are two or more candidates for the election of directors at a general meeting, each share held by shareholders (including proxies) shall have the same number of votes as the number of candidates, and the voting rights can be concentrated on electing one person, or be separated on electing several persons, but explanation shall be made on the allocations of the voting rights. Article 106 of the Company Law

**Article 84** In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote. Article 69 of the Mandatory Provisions

**Article 85** The following matters shall be resolved by ordinary resolutions at a general meeting: Article 70 of the Mandatory Provisions  
Article 76 of the Guidelines

- (1) work reports of the board of directors and the supervisory committee;
- (2) plans formulated by the board of directors for distribution of profits and for making up losses;
- (3) appointment or removal of members of the board of directors and the supervisors as shareholder representatives, and their remuneration and manner of payment thereof;
- (4) the Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements;

- (5) the Company's annual report; and
- (6) matters other than those required by the laws, administrative regulations, the listing rules of the stock exchange on which the Company's Shares are listed or the Articles of Association to be approved by special resolution.

**Article 86** The following matters shall be resolved by special resolutions at a general meeting:

Article 71 of the  
Mandatory Provisions  
Article 77 of the  
Guidelines

- (1) increase or reduction of the Company's share capital, repurchase of the Company's shares and issue of shares of any class, warrants and other similar securities;
- (2) issue of debentures of the Company;
- (3) demerger, merger, dissolution, liquidation and change of corporate form of the Company;
- (4) amendment to the Articles of Association; and
- (5) any other matter approved as an ordinary resolution at a general meeting that may have material impact on the Company and is required to be approved by a special resolution.

**Article 87** The following procedures shall be followed by shareholders or the supervisory committee requesting for convening of extraordinary general meetings or class meetings:

Article 72 of the  
Mandatory Provisions

- (1) two or more than two shareholders individually or jointly holding not less than 10% of voting shares at such proposed meeting or the supervisory committee may request the board of directors to convene an extraordinary general meeting or class meeting by signing and submitting one or several written requests with the same format and contents and specifying the agenda of the meeting. An extraordinary general meeting or class meeting shall be convened by the board of directors as soon as practicable upon receipt of the aforesaid written request. The aforesaid proportion of shareholding shall be calculated on the date on which the relevant shareholders submit the written request.

- (2) if the board of directors fails to dispatch a notice of convening such meeting within thirty days upon receipt of the aforesaid written request, shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the proposed meeting shall be entitled to propose to the supervisory committee to convene an extraordinary general meeting or class meeting, provided that such proposal shall be made in writing. The supervisory committee may convene such a meeting within four months upon receipt of the request by the board of directors. If the supervisory committee fails to convene and preside over an extraordinary general meeting or a class meeting, the shareholders individually or jointly holding 10% or more of the shares of the Company for not less than ninety consecutive days may convene such a meeting by themselves. The procedures for convening such meeting should follow those for convening a general meeting of shareholders by the board of directors as closely as practicable.

Article 102 of the  
Company Law

All reasonable expenses incurred by convening and holding the aforesaid meeting by shareholders or the supervisory committee due to the failure of the board of directors to hold such meeting in response to the aforesaid request shall be borne by the Company. Such expenses shall be deducted from the amounts due by the Company to the director(s) who have neglected their duties.

Except for those matters in relation to business secrets of the Company which cannot be made public at the shareholders' general meeting, the board of directors and the supervisory committee shall make corresponding responses or statements in respect of inquiries and the suggestions of the shareholders.

Article 70 of the  
Guidelines

**Article 88** 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 to attend the meeting, the vice chairman of the board of directors shall convene and take the chair of the meeting. If both the chairman and vice chairman of the board of directors are unable to attend the meeting, the board of directors may designate a director to convene and take the chair of the meeting. If no chairman of the meeting has been so designated, shareholders present may elect one of them to be the chairman of the meeting. If for any reason the shareholders fail to elect a chairman, then the shareholder (including proxy) present and holding the largest number of voting shares shall be the chairman of the meeting.

Article 73 of the  
Mandatory Provisions

**Article 89** The chairman of the meeting shall be responsible for determining whether a resolution is passed. His decision, which is final and conclusive, shall be announced at the meeting and recorded in the meeting minutes. Article 74 of the Mandatory Provisions

**Article 90** If the chairman of the meeting has any doubt as to the result of a resolution put to the vote of the meeting, he may have the votes counted. If the chairman of the meeting fails to have the votes counted, any attending shareholder or proxy who objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the result, the chairman of the meeting shall have the votes counted immediately. Article 75 of the Mandatory Provisions  
Article 90 of the Guidelines

**Article 91** If votes are counted at the shareholders' general meeting, the counting result shall be recorded in the minutes of the meeting. Article 76 of the Mandatory Provisions

The minutes of the meeting together with the attendance lists of shareholders and proxy forms shall be kept at the address of the Company. Such minutes, attendance lists and proxy forms shall not be destroyed within ten years. Article 73 of the Guidelines

**Article 92** 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 send a copy to him within seven days following the receipt of reasonable charges. Article 77 of the Mandatory Provisions  
Article 33 of the Guidelines

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

**Article 93** Shareholders holding different classes of shares are referred to as class shareholders. Article 78 of the Mandatory Provisions

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

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

Where the share capital of the Company includes shares with different voting rights, the designation of each class of shares (except shares with the most privileged voting rights) share bear the wording “restricted voting” or “limited voting”.

**Article 94** 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 shareholders’ meeting convened in accordance with Articles 96 to 100. Article 79 of the Mandatory Provisions

**Article 95** The following circumstances shall be deemed to be a variation or abrogation of the rights of shareholders of a particular class: Article 80 of the Mandatory Provisions

- (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 right or right to dividends or other privileges equal or superior to the shares of such class;
- (2) to effect an exchange of all or part of the shares of such class into those of another class or to effect an exchange or create 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 a dividend preference or a liquidation preference attached to shares of such class;
- (5) to add, remove or reduce conversion, options, voting, transfer or pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;
- (6) to remove or reduce 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, right to dividends 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 or privileges of shares of another class;
- (11) to restructure the Company where the proposed restructuring scheme will result in the holders of different classes of shares bearing a disproportionate burden of obligations of such restructuring; and
- (12) to vary or abrogate any provision of this Chapter.

**Article 96** Shareholders of the affected class, whether or not otherwise entitled to vote at general meetings, shall nevertheless be entitled to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 95, but interested shareholder(s) shall not be entitled to vote at class meetings.

Article 81 of the  
Mandatory Provisions

The meaning of “interested shareholder(s)” as mentioned in the preceding paragraph is:

- (1) in the case of a repurchase of shares by pro rata offers to all shareholders or public dealing on a stock exchange under Article 31 of the Articles of Association, a “controlling shareholder” within the meaning of Article 59 of the Articles of Association;
- (2) in the case of a repurchase of share by an off-market agreement under Article 31 of the Articles of Association, a shareholder who is related to the agreement; and
- (3) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate burden imposed on other shareholders of that class or who has an interest different from those of other shareholders of that class.

**Article 97** Resolutions of a class meeting shall be passed by shareholders present at the meeting representing two-thirds or more of the voting rights according to Article 96. Article 82 of the Mandatory Provisions

**Article 98** In the event that the Company convenes class meeting, a written notice shall be issued to shareholders whose names appear on the register of shareholders of such class forty-five days before the class meeting, specifying the matters proposed to be considered and the date and place of the meeting. The shareholders who intend to attend the meeting shall serve the written reply to the Company twenty days prior to the date of the meeting. Article 83 of the Mandatory Provisions

Where the number of shares carrying rights to vote at the meeting held by the shareholders intending to attend the meeting reaches half or more of the total number of shares of such class carrying rights to vote at the meeting, the Company may hold the class meeting based thereon. If it does not reach that percentage, the Company shall within five days notify the shareholders again, by way of public announcement, of the matters to be considered at, and the place and date for, the meeting before it proceeds to hold the class meeting. Paragraph (2), Section 6, Appendix 3 to the Main Board Listing Rules

**Article 99** Notice of a class meeting need only be served on shareholders entitled to vote thereat. Article 84 of the Mandatory Provisions

A class meeting shall be conducted as similar as possible as a shareholders' general meeting. The provisions of the Articles of Associations which relate to the convening of general meetings shall apply to class meetings.

**Article 100** Apart from holders of other classes of shares, the holders of the domestic shares and overseas-listed foreign shares shall be deemed to be shareholders of different classes. Article 85 of the Mandatory Provisions

The special voting procedures for class meetings do not apply to the following circumstances: Paragraph (f), Section 1, Appendix 13D to the Main Board Listing Rules

- (1) where the Company issues, upon the approval by a special resolution of its shareholders in general meeting, either separately or concurrently once every twelve months, not more than twenty percent of each of its existing issued domestic shares and overseas-listed foreign shares;



- (2) where the Company's plan to issue domestic shares and overseas-listed foreign shares at the time of its establishment is implemented within fifteen months from the date of approval by the securities regulatory authority of the State Council; or
- (3) where shares held by holders of domestic shares are transferred to overseas investors upon approval by the securities regulatory authority of the State Council, and are listed and traded on overseas stock exchanges.

## Chapter 10: Board of Directors

### Section 1 Directors

**Article 101** The Company shall have a board of directors consisting of 9 directors, including one chairman. Among them, there shall be 3 executive directors, 3 non-executive directors and 3 independent non-executive directors. Article 86 of the Mandatory Provisions

**Article 102** Directors shall be elected at the general meeting to hold office for a term of three years. Upon maturity of the term of office, a director shall be eligible to offer himself for reelection and reappointment. Article 87 of the Mandatory Provisions Article 111 of the Guidelines

The chairman and the vice chairman shall be elected and removed by more than one half of all of directors. The term of office of the chairman and vice-chairman is three years, renewable upon re-election. Letter of Opinions on Supplementary Amendments – No. 4

Subject to the requirements of relevant laws and administrative regulations, the shareholders' general meeting may by ordinary resolution remove any director before the expiration of his term of office (but without prejudice to such director's rights to claim compensation based on any contract).

The Director is not required to hold any shares of the Company.

**Article 103** Written notice specifying the intention to nominate candidates for directors and the acceptance of nomination by the candidates concerned shall be given to the Company no earlier than the date on which the notice of the shareholders' general meeting was despatched and no later than seven days before holding of the meeting. Time limits for nomination and acceptance of nomination should not be less than seven days. Letter of Opinions on Supplementary Amendments – No. 4 Rules 4(4) and 4(5), Appendix 3 to the Main Board Listing Rules

**Article 104** A director may resign before expiration of his term of office. The directors who resign shall submit to the board of directors a written report in relation to their resignation. Article 100 of the Guidelines

In case that the number of directors falls short of the quorum of the board of directors as a result of a director's resignation, the resignation report of the said director shall not become effective until the vacancy resulting from his resignation is filled up by succeeding director. The remaining directors shall convene an extraordinary general meeting as early as possible to elect director and fill up the vacancy resulting from the said resignation.

Other than the circumstances set out in the preceding paragraph, the resignation of a director becomes effective upon submission of his resignation report to the board of directors.

**Article 105** Upon submission of a resignation or maturity of the tenure, a director's confidentiality obligations in respect of commercial secrets of the Company shall remain effective after the termination of his tenure until such secrets have become open information. Article 101 of the Guidelines

**Article 106** No directors shall act, in their personal capacity, on behalf of the Company or the board of directors beyond provisions in the Articles of Association or without appropriate authorization by the board of directors. A director shall, when acting in his personal capacity, state his standings and identities in advance if a third party has reasons to believe that the said director is acting on behalf of the Company or the board of directors. Article 102 of the Guidelines

**Article 107** Any director who violates any laws and regulations or the Articles of Association during the performance of his duties and causes loss to the Company shall be liable for compensation of such loss. Article 103 of the Guidelines

**Article 108** Any director who has withdrawn from his office without permission prior to the expiration of his term of office, and whereby a loss is incurred to the Company, shall be liable for compensation of such loss. Article 99 of the Guidelines

A director will be deemed to have failed to perform his duties if he cannot attend the meetings of the board of directors in person twice consecutively nor appointed other directors to attend the meetings on his behalf. The board of directors may make recommendations to shareholders' general meetings to replace such director.

## Section 2 Independent Directors

**Article 109** The Company shall establish an independent director system. Independent directors are directors holding no posts other than that of directors in the Company, and having no relationship with the Company and its substantial shareholders as to hinder their independent and objective judgments.

The term of office for independent directors shall be three years, and renewable upon re-election and re-appointment, but shall not exceed nine years, unless otherwise provided by relevant laws, regulations and the listing rules of the stock exchange where the Company's shares are listed.

Rule A.4.3, Appendix 14 to the Main Board Listing Rules

**Article 110** Independent directors shall satisfy the following fundamental requirements:

The Guidelines on Establishment of Independent Director System of Listed Company – No. 2

- (1) to be qualified for directors of a listed company as provided in laws, administrative regulations, listing rules of the stock exchange where the Company's shares are listed and other relevant regulations;
- (2) to comply with the requirements on independence as stipulated in the listing rules of the stock exchange where the Company's shares are listed;
- (3) to be in command of the basic knowledge of the operations of listed companies, and familiar with relevant laws, administrative regulations, and rules and regulations;

- (4) having at least five years of work experiences in legal or economic areas, or other experiences indispensable for performing the duties as independent directors; and
- (5) other criteria as may be provided in the Articles of Association.

**Article 111** The independent directors shall be vested with the following special functions and powers in addition to those vested by the Company Law and other relevant laws, regulations, listing rules of the stock exchange where the Company's shares are listed and the Articles of Association:

The Guidelines on Establishment of Independent Director System of Listed Company – No. 5

- (1) to propose to the board of directors for the appointment or dismissal of accounting firms;
- (2) to propose to the board of directors to convene extraordinary general meetings;
- (3) to propose to convene the board meetings;
- (4) upon unanimous consent of all independent directors, they may independently appoint external auditors or consultants for auditing and consultancy of specific matters relating to the Company at the expenses of the Company.

Apart from the preceding sub-paragraph (4), to exercise the abovementioned powers, the independent director(s) shall secure the consent of not less than half of the independent directors of the Company. In the event that the above proposals have not been accepted or the above powers can not be exercised in the normal course of business, the Company shall disclose the relevant circumstance.

**Article 112** Before expiry of their term, independent directors shall not be dismissed without proper reasons. In case of an independent director being dismissed before expiry of his term, the Company shall disclose it as a special discloseable matter.

The Guidelines on Establishment of Independent Director System of Listed Company – No. 4

Should an independent director fail to attend in person the board meetings for three times in succession, the board of directors may propose to the shareholders' general meeting for replacing such director.

**Article 113** All matters not prescribed in this section for the independent director system shall be subject to relevant laws, regulations, rules and listing rules of the stock exchange where the Company's shares are listed.

### Section 3 Board of Directors

**Article 114** The board of directors shall report to the shareholders' general meeting and exercise the following functions and powers:

Article 88 of the  
Mandatory Provisions  
Article 105 of the  
Guidelines

- (1) to convene the shareholders' general meetings and report its work to the shareholders' general meeting;
- (2) to implement the resolutions of the shareholders' general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the Company's annual financial budgets and final accounts;
- (5) to formulate the Company's profit distribution plan and plan for recovery of losses;
- (6) to formulate proposals for increases or reductions of the Company's registered capital;
- (7) to formulate proposals for the issue of corporate debentures or other securities and listing;
- (8) to formulate proposals for merger, demerger, dissolution or change of corporate form of the Company;
- (9) to decide on the establishment of the Company's internal management structure and on the establishment or closing of the Company's branches and sub-branches;
- (10) to elect a chairman and vice-chairman of the board of directors of the Company; to decide on the appointment or dismissal of the general manager and his remuneration;

Article 107 of the  
Guidelines

- (11) to appoint or dismiss the secretary to the board of directors, to appoint or dismiss officers of all special committees under the board of directors;
- (12) pursuant to the general manager's nominations to appoint or dismiss deputy general managers, financial controller and chief economist of the Company and fix their remuneration, bonus and punishment;
- (13) to formulate the Company's basic management system;
- (14) to formulate proposals for amendment to the Articles of Association;
- (15) to formulate share incentive scheme of the Company;
- (16) to determine the establishment of special committees under the board of directors;
- (17) to manage the information disclosure of the Company;
- (18) to propose to general meetings for the appointment or replacement of the auditors of the Company;
- (19) to hear the regular and non-regular work reports from the general manager of the Company or senior management officers appointed by the general manager and to approve the work report of the general manager;
- (20) external guarantees provided by the Company, other than those subject to approval by shareholders' general meeting, under the Articles of Association;
- (21) to decide on the external investment, acquisition and disposal of assets, pledge of assets, trust asset management and connected transactions of the Company within the authorization of the shareholders' general meeting; Article 108 of the Guidelines
- (22) to exercise other functions and powers conferred by laws, regulations, listing rules of the stock exchange where the Company's shares are listed, general meetings and the Articles of Association.

Except for the matters specified in sub-paragraphs (6), (7), (8) and (14) which shall be passed by two-thirds or more of the directors, the board's resolutions in respect of any other aforesaid matters may be passed by half or more of the directors. The board of directors shall perform its duties in accordance with PRC laws, administrative regulations, the Articles of Association and resolutions of shareholders.

The board of directors shall make explanation to the shareholders' general meeting in respect of auditors' report with a qualified opinion issued by the certified public accountants regarding the financial statements of the Company.

**Article 115** The board of directors may establish certain special committees such as Audit Committee, Remuneration and Assessment Committee, Nomination Committee and Strategic Committee, to assist the board of directors to exercise its duties or provide consultation or advice for the board of directors in respect of its decisions under the leadership of the board of directors; the composition and rules of procedures for such committees shall be decided by the board of directors separately.

**Article 116** Unless otherwise provided by laws, regulations and the listing rules of the stock exchange where the Company's shares are listed, the investments in other enterprises or guarantees provided by the Company shall be subject to the resolution of the board of directors. However, any guarantee to be provided by the Company in favor of shareholders and *de facto* controllers must be subject to the resolution of a general meeting.

The shareholders referred to in the preceding paragraph or shareholders controlled by the *de facto* controllers referred to in the preceding paragraph shall abstain from voting in respect of the matters as specified in the preceding paragraph. Such matter shall be approved upon more than one-half of the voting rights held by other shareholders present at the shareholders' general meeting being cast in favor of it.

The Company shall establish a strict internal control system for external guarantees. All directors shall attach prudence to and exercise strict control on the debt risks resulting from external guarantees.



The other party shall provide risk precautionary measures such as counter-guarantee for the guarantees provided by the Company. The provider of the counter-guarantee shall be competent in accepting the liabilities.

The responsible director(s) shall assume joint and several liabilities for compensation to any loss caused to the Company for provision of external guarantees in violation of relevant laws, regulations, rules and the Articles of Association.

**Article 117** The board of directors shall not, without the prior approval of shareholders in a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of fixed assets proposed for disposal and the value of fixed assets disposed of within the four months before the proposed disposal exceeds 33% of the value of the Company's fixed assets as stated in the last balance sheet placed before the shareholders in general meeting.

Article 89 of the  
Mandatory Provisions

The term of "disposal of fixed assets" referred to in this article includes an act involving the transfer of an interest in certain assets, but does not include provision of guarantees with the fixed assets.

Breach of the first paragraph of this article shall not affect the validity of any transaction entered into by the Company in disposing of fixed assets.

**Article 118** The chairman of the board of directors is entitled to the following functions and powers:

Article 90 of the  
Mandatory Provisions  
Article 112 of the  
Guidelines

- (1) to preside over general meetings and to convene and preside over the board meetings;
- (2) to supervise and inspect the implementation of the resolutions of the board of directors and debrief relevant reports;
- (3) to supervise and organize formulation of rules and regulations on the operation of the board of directors, and to coordinate the operation of the board of directors;
- (4) to sign the securities certificates issued by the Company;
- (5) to sign important documents of the board of directors;

- (6) to sign important legally binding documents on behalf of the Company;
- (7) to exercise any other powers specified in laws, regulations or the Articles of Association or conferred by the board of directors.

In event that the chairman of the board of directors is unable to exercise his powers, the chairman may designate the vice chairman to exercise such powers on his behalf.

**Article 119** The vice-chairman shall assist the chairman in work. Article 113 of the Guidelines  
In the event that the chairman is unable to perform his duties (and does not designate the vice chairman to act on his behalf) or fails to perform his duties, the duties shall be performed by the vice-chairman (if the Company has two or more vice chairmen of the board, the vice-chairman elected by not less than half members of the board of directors will perform the duties). If a vice-chairman is unable or fails to perform his duties, a director jointly elected by not less than half of directors shall perform such duties.

**Article 120** Meetings of the board of directors shall be held at least four (4) times every year and convened by the chairman of the board of directors. Notice of the meeting shall be served on all directors fourteen days before the date of the meeting. Article 91 of the Mandatory Provisions Articles 114 and 115 of the Guidelines

Extraordinary meetings of the board of directors shall be held in any of the following circumstances:

- (1) when proposed jointly by one-third or more of the directors;
- (2) when proposed by the supervisory committee;
- (3) when proposed jointly by one half or more of the independent directors;
- (4) when deemed as necessary by the chairman of the board of directors;
- (5) when proposed by the shareholders representing one tenth or more of voting rights; and
- (6) when proposed by the general manager in case of emergency circumstances.

**Article 121** A notice convening the board meeting and extraordinary board meeting shall be sent through telephone, facsimile or email. The notice of board meeting shall be dispatched fourteen days prior to the date of the meeting. The notice of an extraordinary board meeting may be exempted from such time limitation.

Article 92 of the  
Mandatory Provisions  
Article 116 of the  
Guidelines

The time and venue of a board meeting can be provided by the board of directors in advance and recorded in the minutes. If such notice of the meeting has been provided to all the Directors ten days prior to the date of the next board meeting, there is no need to despatch separate notice for the convening of meeting to the Directors.

Should a director attend a meeting, and does not raise a contention regarding non-receipt of notice of the meeting prior to or at the meeting, such notice shall be deemed as sent out to him.

Board meetings can be held by way of teleconference meeting or by virtue of similar telecommunication device. In such meetings, so long as the participating directors can hear and communicate with each other, all participating directors are deemed as if they had participated in the meeting in person.

**Article 122** Except for circumstance provided in Article 124 of the Articles of Association in which the board of directors considers connected transactions, the board meeting may not be held unless half or more of the directors are present.

Article 93 of the  
Mandatory Provisions  
Article 118 of the  
Guidelines

Each director has one vote. Except for circumstance provided in Article 124 of the Articles of Association in which the board of directors considers connected transactions, resolutions of the board of directors shall be passed by more than half of all directors.

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

Where a resolution is signed and voted by each director and the number of affirmative votes meets the requirements of laws, regulations and the Articles of Association, it shall be deemed as valid as resolutions passed at the board meeting legally convened. Such written resolution may consist of documents in counterparts, each having been signed by one or more directors. A resolution signed by a director or with his signature and sent to the Company by mail, facsimile or by hand, for the purpose of this article, shall be deemed as a document signed by him.

**Article 123** A director shall attend the board meetings in person. If a director is not able to attend the meeting for any reasons, he may appoint in writing other directors to attend the meeting on his behalf. The scope of authorization shall be specified in the power of attorney.

Article 94 of the  
Mandatory Provisions  
Article 121 of the  
Guidelines

The appointed director attending the meeting shall only exercise the rights within the scope of authorization. Should a director neither attend a board meeting nor appoint representative to attend on his behalf, the said director shall be deemed to have waived his right to vote at the meeting.

**Article 124** If any director is associated with the enterprises that are involved in the matters to be resolved by the board meetings (serving as director or senior management officer of the counterparty, or serving as director or senior management officer of a legal entity directly or indirectly controlling the counter party or directly or indirectly controlled by the counterparty), he shall neither exercise his voting rights for such matters, nor exercise voting rights on behalf of other directors. Such board meetings shall be convened by a majority of the non-connected directors present there at. Resolutions made at the board meetings shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the board meetings is less than three (3), such matters shall be submitted to the shareholders' general meeting for approval.

Article 119 of the  
Guidelines

**Article 125** The board of directors shall keep minutes of resolutions on matters discussed at meetings, on which directors present and the secretary to the board of directors (minutes taker) shall sign. The minutes of board meetings shall be kept for a period of ten years. Directors shall be liable for the resolutions of the board of directors. If a resolution of the board of directors violates laws, administrative regulations or the Articles of Association, thus causes the Company to suffer any material loss, the directors participating in the resolution are liable to compensate to the Company. However, directors who have proved to have cast a dissenting vote against the motion during the voting as recorded in the minutes shall be exempted from such liability.

Article 95 of the  
Mandatory Provisions  
Article 122 of the  
Guidelines

The minutes of the board of directors shall record the following:

- (1) the date, venue and name of the convener of the meeting;

- (2) the names of the directors present at the meeting and names of the directors (proxies) present at the meeting on behalf of other director(s);
- (3) the agenda of the meeting;
- (4) the gist of directors' speech;
- (5) the voting method and results on each resolution (the voting results shall state the number of affirmative votes, dissenting votes and abstention votes);

**Article 126** In respect of any matter which needs to be passed at an extraordinary board meeting, if the board of directors has already sent out the written proposals to be resolved at such meeting (including through facsimile and email) to all directors and ensured each directors can fully express his opinions, the meeting may be held in the form of correspondence and no on-site board meeting is required. Such resolution is deemed effectively passed provided that the number of directors who sign and approve such a resolution satisfies the number of directors as required to make such decision under Article 114 of the Articles of Association. Article 120 of the Guidelines

**Article 127** In principle, the board meetings shall be held at the legal address of the Company. It can also be held at any other places inside or outside China.

**Article 128** The Company shall bear the reasonable expenses incurred by directors in attending meetings of the board of directors. Such expenses may include costs for transportation to the venue of the meeting (if not the region where directors are stationed), accommodation expenses and local transportation costs during the duration of the meeting.

### **Chapter 11: Secretary to the Board of Directors of the Company**

**Article 129** The Company shall have a secretary to the board of directors. As a senior management officer of the Company, the secretary to the board of directors shall report to the board of directors. Article 96 of the Mandatory Provisions

**Article 130** 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 by the board of directors. His primary duties include:

Article 97 of the Mandatory Provisions

- (1) communicate and liaise between the Company and related parties and the stock exchange and other securities regulatory authorities; and to ensure that the Company prepares and delivers the reports and documents required by competent authorities in compliance with laws;
- (2) to administer the Company's information disclosure affairs, urge the Company to formulate and implement Management Rules on Information Disclosure and Internal Material Information Reporting System, procure the Company and related parties to perform the disclosure obligation according to law, and disclose regular reports and extraordinary reports to the stock exchange in accordance with relevant regulations;
- (3) to coordinate the relationship between the Company and investors, receive visits of investors, reply to enquiries of investors and provide information disclosed by the Company to investors;
- (4) to organize and prepare the shareholders' general meetings and board meetings pursuant to statutory procedures, and prepare and deliver relevant meeting documents and materials;
- (5) to attend the board meetings, prepare meeting minutes and sign thereon;
- (6) to be responsible for the confidentiality work related to information disclosure of the Company, formulate confidentiality measures, and procures the directors, supervisors, general manager and other senior management officers and relevant insiders to keep secret prior to disclosure of information and timely takes remedial measures as soon as insider information is revealed and report to the stock exchange;

The Guidelines on Work of Secretary to the Board of Directors of Company Listed Overseas

- (7) to be responsible for keeping the Company, register of shareholders, name list of directors, shareholding particulars of substantial shareholders and directors, supervisors, general manager and other senior management officers, and documents and minutes of general meetings and board meetings, to ensure that the Company has complete organizational documents and records; to ensure that persons entitled to access to the relevant records and documents are furnished with such records and documents without delay;
- (8) to assist the directors, supervisors, the general manager and other senior management officers to apprehend provisions of relevant laws, regulations, rules, listing rules of the stock exchange, other regulations and the Articles of Association, and the content regarding their legal liabilities in the listing agreement;
- (9) to procure the board of directors to exercise its duties under the law, remind directors present where resolutions made by the board of directors are in contravention of the laws, regulations, rules, listing rules of the stock exchange and other regulations or the Articles of Association; and request supervisors present to express their opinions; make a record of the opinions of relevant supervisors and persons in the minutes if the board of directors insists on making the aforesaid resolutions, and report to the stock exchange;
- (10) to perform other duties as provided in applicable laws, regulations, rules, listing rules of the stock exchange, other regulations and the Articles of Association.

**Article 131** A director or other senior management officers of the Company may concurrently act as the secretary to the board of directors. The accountant(s) of the accounting firm which has been appointed by the Company shall not act as the secretary to the board of directors.

Article 98 of the  
Mandatory Provisions

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



## Chapter 12: General Manager of the Company

**Article 132** The Company shall have one general manager and certain deputy general managers, who assist the general manager in his work; one financial controller and one chief economist. The general manager, deputy general managers, financial controller and chief economist shall be appointed or dismissed by the board of directors.

Article 99 of the Mandatory Provisions  
Article 124 of the Guidelines

The term of office of each of the general manager and other senior management officers shall be three years, renewable upon re-appointment.

Article 127 of the Guidelines

**Article 133** General manager of the Company shall report to the board of directors and exercise the following functions and powers:

Article 100 of the Mandatory Provisions  
Article 128 of the Guidelines

- (1) to preside over the production, operation and management of the Company, arrange proper resources to implement resolutions of the board of directors and report to the board of directors;
- (2) to arrange proper resources to implement the Company's annual business, investment and financing plans formulated by the board of directors;
- (3) to propose plans for the establishment of the Company's internal management structure;
- (4) to propose plans for the establishment of branch companies and other branches of the Company;
- (5) to formulate the Company, basic management system;
- (6) to formulate specific rules and regulations for the Company;
- (7) to propose to the board of directors for appointment and removal of deputy general manager, financial controller or chief economist; and provide suggestions on remuneration;
- (8) to appoint or remove the management officers (other than those required to be appointed or removed by the board of directors);

(9) to exercise other powers conferred by the Articles of Association or the board of directors.

**Article 134** The general manager of the Company shall attend the board meetings and, if not a director, shall not have voting right thereat. Article 101 of the Mandatory Provisions

**Article 135** The general manager of the Company shall, as required by the board of directors or the supervisory committee, report to the board of directors or the supervisory committee on the execution and performance of material contracts entered into by the Company and utilization of fund. The general manager shall ensure authenticity of such reports;

The general manager shall, when making decisions on such matters of vital interests of the employees of the Company as salaries, welfare, safe production, labor insurance, and dismissal (or disciplinary dismissal), consult the trade union and the meeting of staff representatives in advance.

**Article 136** The general manager of the Company shall draw up the work regulations for the general manager for implementation upon the approval of the board of directors. Articles 129 and 130 of the Guidelines

**Article 137** In the exercise of his powers, the general manager of the Company shall comply with the laws, administrative regulations and the Articles of Association, and fulfill their duties in good faith and diligence. Article 102 of the Mandatory Provisions

### Chapter 13: Board of Supervisors

**Article 138** The Company shall establish the supervisory committee. Article 103 of the Mandatory Provisions

**Article 139** The supervisory committee comprises nine (9) supervisors, in which there are at least 2 independent supervisors. The term of office of supervisors shall be three years, renewable upon reelection and re-appointment. Article 104 of the Mandatory Provisions Paragraph (d)(i), Section 1, Appendix 13D to the Main Board Listing Rules

The supervisory committee shall have one chairman, whose appointment and dismissal shall be subject to the approval of two-thirds or more of its members by voting. Letter of Opinions on Supplementary Amendments – No. 5

**Article 140** Supervisors who are not employee representatives shall be elected and removed by shareholders at general meetings, while supervisors as staff representatives shall be elected and removed through democratic means by the staff of the Company. The number of supervisors as staff representatives of the Company shall not be less than one-third of the number of the supervisors.

Article 105 of the Mandatory Provisions  
Article 52 of the Company Law

**Article 141** Directors, general manager and other senior management officers of the Company shall not concurrently act as supervisors.

Article 106 of the Mandatory Provisions  
Article 135 of the Guidelines

**Article 142** The supervisory committee shall convene at least two meetings each year and one meeting every six months, which shall be convened and presided over by the chairman of supervisory committee. The supervisors may propose convening of extraordinary meeting of the supervisory committee. Should the chairman of the supervisory committee be unable to, or fail to perform his duties, a supervisor elected by half or more of the supervisors shall preside over the meeting.

Article 107 of the Mandatory Provisions  
Article 145 of the Guidelines  
Article 52 of the Company Law

**Article 143** The supervisory committee shall be accountable to the shareholders' general meeting and exercise the following functions and powers in accordance with laws:

Article 108 of the Mandatory Provisions

- (1) to review the Company's financial position;
- (2) to monitor any acts of directors and senior management officers of the Company during their performance of duties violating laws, administrative regulations or the Articles of Association of the Company, and to propose dismissal of any directors and senior management officers of the Company who violate laws, regulations, the Articles of Association of the Company or any resolutions of shareholders' general meetings;
- (3) to demand rectification from a director, the general manager and other senior management officers when the acts of such persons are harmful to the Company's interest;

Article 144 of the Guidelines

- (4) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the shareholders' general meetings and, should any queries arise, to authorize, in the name of the Company, a re-examination by the certified public accountants and practicing auditors;
- (5) to propose the convening of a extraordinary general meeting and to convene and preside over the shareholders' general meeting when the board of directors fails to perform such duties;
- (6) to submit proposals to the shareholders' general meeting;
- (7) to propose convening of an extraordinary board meeting;
- (8) to elect the chairman of the supervisory committee;
- (9) to represent the Company in bringing an action against a director and senior management officer in accordance with the Company Law; and
- (10) to exercise other powers specified in the laws and regulations and the Articles of Association.

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

**Article 144** With legitimate grounds, supervisors are entitled to request the chairman of the supervisory committee to convene an extraordinary meeting of the supervisory committee. The notice shall be dispatched to all supervisors ten days prior to the date of meeting through phone or facsimile. The notice shall include the date and venue of meeting, duration of the meeting, topics of the meeting and the date on which the notice is served.

Article 109 of the Mandatory Provisions Letter of Opinions on Supplementary Amendments – No. 6 Paragraph (d)(ii), Section 1, Appendix 13D to the Main Board Listing Rules

The meeting of the supervisory committee may not be held unless two-thirds or more of supervisors are present. Voting on resolution at a meeting of the supervisory committee may be conducted by registered poll. Each supervisor has one vote. A supervisor shall attend the meetings of the supervisory committee in person, or appoint in writing other supervisor to attend the meeting on his behalf if he is not able to attend the meeting for any reasons. The scope of authorization shall be specified in the power of attorney.

The resolutions of both the regular meeting and the extraordinary meeting of the supervisory committee shall be regarded as the resolutions of the supervisory committee. Such resolutions shall be passed by two-thirds or more of the members of the supervisory committee.

**Article 145** The supervisory committee shall maintain minutes for each meeting. Supervisors are entitled to request to make descriptive statements for his speech at the meeting in the minutes, and the supervisors present and minutes taker(s) shall sign on the minutes. The minutes of meetings of supervisory committee shall be kept by secretary to the board of directors as corporate archives. The minutes of the meetings shall be kept for a period of ten years. Article 147 of the Guidelines

**Article 146** The supervisory committee shall adopt a recording system for the implementation of the resolutions of the supervisory committee. Each resolution of the supervisory committee shall be implemented or supervised over its implementation by designated supervisor(s). The designated supervisor(s) shall record the implementation of each resolution, and file its final result to the supervisory committee.

**Article 147** The supervisors and the supervisory committee shall not be liable for the resolutions of the board of directors. Should the supervisory committee be of opinion that a resolution of the board of directors violates the laws, regulations or Articles of Association or may be harmful to the interests of the Company, the supervisory committee may resolve to propose to the board of directors for reconsideration of the said resolution.

**Article 148** In order to exercise its powers, the supervisory committee may engage experts such as lawyer, certified public accountants and practicing auditors. The reasonable expenses arising therefrom shall be borne by the Company. Article 110 of the Mandatory Provisions

Reasonable expenses incurred by supervisors in attending meetings of the supervisory committee shall be borne by the Company. Such expenses may include costs for transportation to the venue of the meeting (if not the region where directors are stationed), accommodation expenses, rental for the meeting venue and local transportation costs during the duration of the meeting. Article 57 of the Company Law

**Article 149** A supervisor shall carry out his duties honestly and faithfully in accordance with laws, administrative regulations and the Articles of Association. Article 111 of the Mandatory Provisions

## Chapter 14: Qualification and Responsibilities of Directors, Supervisors, General Managers and Other Senior Management Officers

**Article 150** A person may not serve as a director, supervisor, general manager or other senior management officer of the Company if any of the following circumstances apply:

Article 112 of the Mandatory Provisions  
Article 95 of the Guidelines

- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has been sentenced for corruption, bribery, infringement of property or misappropriation of property or other crimes which disrupt the social economic order, where less than a term of five years has elapsed since the sentence was served, or who has been deprived of his political rights due to criminal offense and not more 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 been dissolved or put into liquidation and who was personally liable for the winding up of such company or enterprise, where no more than three years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise the business licence of which was revoked and ordered to close down due to violation of law and who is personally liable for such revocation, where no more than three years have elapsed since the date of the revocation of the business licence;
- (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 laws and administrative regulations, cannot act as a leader of an enterprise;

- (8) a person other than a natural person;
- (9) a person who has been 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 not more than five years have elapsed from the date of such conviction;
- (10) other circumstances provided by relevant laws and regulations in the place where the Company's shares are listed.

Persons assuming offices other than director in the controlling shareholder and in the *de facto* controller shall not assume the offices of senior management of the Company.

**Article 151** 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 office, election or any defect in his qualification. Article 113 of the Mandatory Provisions

**Article 152** In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchanges where the Company's shares are listed, each of the Company's directors, supervisors, general manager and other senior management officers owes a duty to each shareholder, in the exercise of the functions and powers entrusted to him by the Company: Article 114 of the Mandatory Provisions

- (1) not to cause the Company to exceed the scope of the business stipulated in its business licence;
- (2) to act *bona fide* in the best interests of the Company;
- (3) not to expropriate the Company's property in anyway, including (but not limited to) opportunities which benefit the Company;
- (4) not to expropriate the individual rights of shareholders, including (but not limited to) rights to distribution and voting rights, save and except a restructuring of the Company which have been submitted to the shareholders' general meeting for approval in accordance with the Articles of Association.



**Article 153** Each of the Company's directors, supervisors, general manager and other senior management officer owes the duty that in the exercise of his powers or discharge of his obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Article 115 of the  
Mandatory Provisions  
Article 98 of the  
Guidelines

**Article 154** Each of the Company's directors, supervisors, general manager and other senior management officers shall exercise his powers or perform his duties in accordance with the fiduciary principle, and shall not put himself in a position where his interest and his duty may conflict. This principle includes (but not limited to) discharging the following obligations:

Article 116 of the  
Mandatory Provisions  
Article 97 of the  
Guidelines

- (1) to act *bona fide* in the best interests of the Company;
- (2) to act within his terms of reference without ultra vires;
- (3) to exercise the discretion vested to him personally and not to allow himself to act under the control of any other party; unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) unless otherwise provided for 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, property in any way for his own benefit, without the informed consent of the shareholders given in a general meeting;
- (7) not to exploit his position to accept bribes or other illegal income, misappropriate the Company's funds or expropriate the Company's property in any way, including (but not limited to) opportunities which benefit 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, to perform his duties faithfully, to protect the Company's interests and not to exploit his position and power in the Company for his own interests;
- (10) not to compete with the Company in any way, without the informed consent of the shareholders given in a general meeting; not to use the connected relationship to prejudice the interests of the Company;
- (11) not to misappropriate the Company's funds or to lend such funds to any other person, not to use the Company, assets to set up deposit accounts in his own name or in the any other name, or to use such assets to provide guarantee for the debts of a shareholder of the Company or any other personal liabilities; and
- (12) not to release any confidential information in relation to the Company which he has obtained during his term of office, without the informed consent of the shareholders in 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:
  - (i) the laws so require;
  - (ii) public interests so warrant;
  - (iii) the interests of the relevant director, supervisor, general manager and other senior management officers so require.

**Article 155** Each director, supervisor, general manager and other senior management officer of the Company shall not direct the following persons or institutions (“associates”) to do what he is prohibited from so doing: Article 117 of the Mandatory Provisions

- (1) the spouse or minor child of the director, supervisor, general manager and other senior management officer;
- (2) the trustee of the Company’s director, supervisor, general manager and other senior management officer or any person referred to in sub-paragraph (1) of this Article;
- (3) the partner of the Company, director, supervisor, general manager or other senior management officer or any person referred to in sub-paragraphs (1) and (2) of this Article;
- (4) a company in which the Company, director, supervisor, general manager or other senior management officer, whether alone or jointly with the person referred to in subparagraphs (1), (2) and (3) of this Article or other directors, supervisors, general manager and other senior management officers of the Company, has a *de facto* controlling interest; and
- (5) the directors, supervisors, general manager and other senior management officers of the controlled company referred to in sub-paragraph (4) of this Article.

**Article 156** The fiduciary duties of the directors, supervisors, general manager and other senior management officers of the Company do not necessarily cease upon termination of their tenure. The duty of confidentiality in respect of 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 which has elapsed between the occurrence of the event concerned and the termination of tenure, and the circumstances and terms under which the relationships between them and the Company have been terminated. Article 118 of the Mandatory Provisions

**Article 157** Except for circumstances prescribed in Article 58 of the Articles of Association, a director, supervisor, general manager and other senior management officer of the Company may be relieved of liability for specific breaches of his duty with the informed consent of shareholders given at a general meeting.

Article 119 of the  
Mandatory Provisions

**Article 158** Where a director, supervisor, general manager, or other senior management officer 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 his contract of service with the Company), he shall declare the nature and extent of his interests to the board of directors as earliest as possible, whether or not such matters are subject to the approval of the board of directors under the normal circumstances.

Article 120 of the  
Mandatory Provisions

A director shall not vote on the resolution of the board of directors in relation to any contract, transaction, arrangement or other proposals in which he or any of his associates (as defined in the applicable Listing Rules in force from time to time) is materially interested. In determining the quorum of the meeting, relevant directors shall not be counted in the quorum.

Rule 4(1), Appendix  
3 to the Main Board  
Listing Rules

Unless the interested director, supervisor, general manager or other senior management officer of the Company discloses his interests in accordance with the preceding paragraph of this Article and relevant matters are approved by the board of directors at a meeting in which he is not counted in the quorum and abstain from voting, the contract, transaction or arrangement in which he is materially interested 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 officer.

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

**Article 159** Where a director, supervisor, general manager or other senior management officer of the Company gives to the board of directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding Article of this Chapter to be a sufficient declaration of his interests, 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 entering into of relevant contract, transaction or arrangement is first taken into consideration by the Company.

Article 121 of the  
Mandatory Provisions

**Article 160** The Company shall not in any manner pay taxes for its directors, supervisors, general manager or other senior management officers.

Article 122 of the  
Mandatory Provisions

**Article 161** The Company shall not directly or indirectly make a loan to or provide any guarantee in connection with a loan to a director, supervisor, general manager or other senior management officer of the Company or of the Company's parent company or any of their respective associates.

Article 123 of the  
Mandatory Provisions

The foregoing provision shall not apply to the following circumstances:

- (1) the provision by the Company of a loan or a guarantee in connection with a loan to its subsidiaries;
- (2) the provision by the Company of a loan or a guarantee in connection with a loan or any other funds available to any of its directors, supervisors, general manager or other senior management officers for him to settle expenditures incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in general meeting; and
- (3) if the ordinary scope of business of the Company includes the lending of money or the provision of guarantees, the Company may make a loan or provide a guarantee in connection with a loan to any of the relevant directors, supervisors, general manager or other senior management officers or their respective associates in the ordinary course of its business on normal commercial terms.

**Article 162** Any person who receives funds from a loan which has been made by the Company acting in breach of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds. Article 124 of the Mandatory Provisions

**Article 163** A loan guarantee which has been provided by the Company acting in breach of Article 161 (1) shall not be forceable against the Company, save in respect of the following circumstances: Article 125 of the Mandatory Provisions

- (1) the lender was not aware of the relevant circumstances when he provided a loan to the associate of any of the directors, supervisors, general manager, and other senior management officers of the Company or of the Company's parent company; or
- (2) the collateral which has been provided by the Company has already been lawfully disposed of by the lender to a *bona fide* purchaser.

**Article 164** For the purposes of the foregoing provisions of this Chapter, a guarantee includes an undertaking of or property provided by guarantor to secure the performance of obligations by the obligor. Article 126 of the Mandatory Provisions

**Article 165** In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, general manager and other senior management officers of the Company is in breach of his duties owe to the Company, the Company has a right to: Article 127 of the Mandatory Provisions

- (1) demand such director, supervisor, general manager and other senior management officers to compensate it for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction which has been entered into by the Company with such director, supervisor, general manager and other senior management officers or with a third party (where such third party knows or should have known that such director, supervisor, general manager and other senior management officers has breached his duties owed to the Company);

- (3) demand such director, supervisor, general manager and other senior management officers to surrender profits made as a result of the breach of his duties;
- (4) recover any monies received by the director, supervisor, general manager and other senior management officers which should have been received by the Company, including (without limitation) commissions;
- (5) demand repayment of interest earned or which may have been earned by such director, supervisor, general manager and other senior management officers on the monies that should have been paid to the Company; and
- (6) take legal proceedings to request for judgment that the properties acquired by directors, supervisors, general manager and other senior management officers through their breach of duties shall belong to the Company.

**Article 166** The Company shall enter into a contract in writing with each of the directors, supervisors and senior management officers, including the following contents at least:

Rules 19A.54 and  
19A.55 of the Main  
Board Listing Rules

- (1) Directors, supervisors and senior management officers shall undertake to the Company that they will comply with the Company Law, Special Regulations, the Articles of Association and other provisions of the HK Stock Exchange and agree that the Company is entitled to access to the remedial measures as prescribed in the Articles of Association. The contract and its position shall not be transferred;
- (2) Directors, supervisors and senior management officers shall undertake to the Company that they will observe and perform their obligations to shareholders stipulated in the Articles of Association; and
- (3) Arbitration clauses as provided in Article 215 of the Articles of Association.



**Article 167** The Company shall, with the prior approval of shareholders in a general meeting, enter into a contract in writing with a director or supervisor where in his emoluments are stipulated. The aforesaid emoluments include: Article 128 of the Mandatory Provisions

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

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

**Article 168** The contracts concerning the emoluments between the Company and its directors or supervisors should provide that in the event that the Company is acquired, the Company's directors and supervisors shall, subject to the prior approval of shareholders in a general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. Article 129 of the Mandatory Provisions

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; or
- (2) an offer made by any person with a view to making the offeror to become the controlling shareholder. The "controlling shareholder" has the same meaning as defined in Article 59 of the Articles of Association.

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

### **Chapter 15: Financial and Accounting System and Profit Distribution**

**Article 169** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council. Article 130 of the Mandatory Provisions Article 149 of the Guidelines

**Article 170** At the end of each fiscal year, the Company shall prepare a financial report which shall be audited by an accounting firm according to law. Article 131 of the Mandatory Provisions

The Bank shall adopt the Gregorian calendar year for its accounting year, i.e. from 1 January to 31 December.

**Article 171** The board of directors shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and regulatory documents promulgated by competent regional and central governmental authorities require the Company to prepare. Article 132 of the Mandatory Provisions

**Article 172** The Company's financial reports shall be made available for shareholders' inspection at the Company twenty days before 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. Article 133 of the Mandatory Provisions

The Company shall send by prepaid mail a copy of the financial report, together with the balance sheet (including each document as prescribed by applicable regulations to be attached to the balance sheets) and income statement or statement of income and expenditure, or summary of the financial report to each holder of overseas-listed foreign shares at least twenty-one days before the annual general meeting at the address recorded in the register of shareholders. Letter of Opinions on Supplementary Amendments – No. 7 Rule 5, Appendix 3 to the Main Board Listing Rules

**Article 173** The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards, or that of the place overseas where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the notes to the financial statements. In distributing its after-tax profits, the lower of the two amounts shown in the financial statements shall be adopted.

Article 134 of the  
Mandatory Provisions

**Article 174** Any interim results or financial information published or disclosed by the Company shall be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the place overseas where the Company's shares are listed.

Article 135 of the  
Mandatory Provisions

**Article 175** The Company shall publish its financial reports twice every fiscal year, that is, the interim financial report shall be published within sixty days after the expiration of the first six months of each fiscal year and the annual financial report shall be published within one hundred and twenty days after the expiration of each fiscal year.

Article 136 of the  
Mandatory Provisions

**Article 176** The Company shall not maintain accounts other than those provided by law. The Company's assets shall not be deposited in an account maintained in the name of any individual.

Article 137 of the  
Mandatory Provisions  
Article 151 of the  
Guidelines

**Article 177** The Company shall establish the Board Fund, which shall be appropriated once a year and not exceed 0.1% of the profit before tax for the year. The Board Fund is mainly used for awarding directors, supervisors, general manager, other senior management officers and staffs with special contributions or as the source of risk fund for directors, supervisors, general manager and other senior management officers. The specific management method for the fund shall be otherwise formulated by the remuneration committee.

**Article 178** Capital reserve fund includes the following items: Article 138 of the Mandatory Provisions

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

**Article 179** In distributing the current year's profit after tax, 10% of the profit shall be allocated into the Company's statutory reserve fund. When the aggregate amount of the statutory reserve fund has reached 50% of the Company's registered capital, further appropriations are not required. Article 152 of the Guidelines

If the statutory reserve fund of the Company is insufficient to make up the losses of the previous year, the profits of the current year shall be used to make up such losses before allocating 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 allocate its profits after tax to its discretionary reserve fund upon the shareholders' approval at general meetings.

The remaining profit after tax after making up its losses and allocating to its reserve fund may be distributed to its shareholders in proportion of their shareholdings, unless it is stipulated in the Articles of Association that no profit distribution shall be made in accordance with shareholdings.

If the shareholders' general meeting has, in violation of the preceding paragraph, distributed profits to shareholders before making up losses and allocating to its statutory reserve fund, the shareholders shall return to the Company the profit distributed in violation of regulations.

The shares held by the Company are not entitled to any profits distribution.

**Article 180** The Company may distribute dividends in the form of (or a combination of both): Article 139 of the Mandatory Provisions

- (1) cash; and
- (2) shares.

Dividends and other payments payable by the Company to holders of its domestic shares shall be denominated and declared in Renminbi and paid in Renminbi within three months from the date of declaration of dividends. Dividends and other payments payable by the Company to holders of foreign shares shall be denominated and declared in Renminbi and paid in foreign currency within three months from the date of declaration of dividends. The exchange rate adopted for conversion shall be the average closing exchange rate of relevant foreign currency against Renminbi as quoted by the People's Bank of China for the five business days prior to the declaration date. The foreign currency payable by the Company to holders of foreign shares shall be subject to the relevant regulations on foreign exchange control in the PRC. The board of directors shall be authorized by way of an ordinary resolution at the shareholders' general meeting to implement dividend distribution of the Company.

**Article 181** Any amount paid up in advance of calls on any share may carry interest but shall not entitle the relevant shareholder to participate in respect thereof in a dividend subsequently declared. Rule 3(1), Appendix 3 to the Main Board Listing Rules

**Article 182** The Company shall appoint a receiving agent for holders of overseas-listed foreign shares. The receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect of the overseas-listed foreign shares. Article 140 of the Mandatory Provisions

The receiving agent appointed by the Company shall satisfy the requirements under the laws of the place where the Company's shares are listed or the rules of relevant stock exchange. Letter of Opinions on Supplementary Amendments – No. 8

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

Paragraph (c), Section 1, Appendix 13D to the Main Board Listing Rules

Subject to the relevant laws and regulations of the PRC and the provisions of the HK Stock Exchange, the Company may exercise its right of forfeiture over unclaimed dividends, provided that such right cannot be exercised prior to the expiration of the applicable statute of limitation.

Rule 3(2), Appendix 3 to the Main Board Listing Rules  
Rule 13(1), Appendix 3 to the Main Board Listing Rules

The Company has the power to cease sending dividend warrants by post to a holder of overseas-listed foreign shares, provided that such power shall not be exercised until such dividend 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 case of exercising power to issue warrants to holders, no new warrants shall be issued to replace the lost ones unless the Company confirms the physical loss of the original warrants.

The Company has the power to sell the shares of a holder of the overseas-listed foreign shares who is untraceable by means considered appropriate by the board of directors under the following circumstances:

- (i) during a period of twelve 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
- (ii) on expiry of the twelve years the Company gives notice of its intention to sell the shares by way of an advertisement published in one or more newspapers in the place where the Company's shares are listed and notifies the stock exchange on which such shares are listed of such intention.

Rule 13(2), Appendix 3 to the Main Board Listing Rules

## Chapter 16: Appointment of Accounting Firms

**Article 183** The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial reports and other financial reports. Article 141 of the Mandatory Provisions Article 158 of the Guidelines

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

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

**Article 184** The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual general meeting. Article 142 of the Mandatory Provisions

**Article 185** The accounting firm appointed by the Company shall have the following rights: Article 143 of the Mandatory Provisions

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



**Article 186** 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 shareholders' general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period during which a vacancy arises.

Article 144 of the  
Mandatory Provisions

**Article 187** The shareholders in a 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 145 of the  
Mandatory Provisions  
Article 159 of the  
Guidelines

**Article 188** The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders' general meeting. The remuneration of the accounting firm appointed by the board of directors shall be determined by the board of directors.

Article 146 of the  
Mandatory Provisions  
Article 161 of the  
Guidelines

**Article 189** The Company's appointment, removal and non-reappointment of an accounting firm shall be resolved by the shareholders' general meeting. Such resolution shall be filed with the securities regulatory authority of the State Council.

Article 147 of the  
Mandatory Provisions

Where a resolution at a shareholders' general meeting is passed to appoint an accounting firm other than the incumbent accounting firm to fill a casual vacancy in the office of accounting firm, to reappoint an accounting firm that was appointed by the board of directors to fill a casual vacancy, or to dismiss an accounting firm before the expiration of its term of office, the following provisions shall apply:

Letter of Opinions  
on Supplementary  
Amendments – No. 9  
Paragraph (e)(i),  
Section 1, Appendix  
13D to the Main  
Board Listing Rules

- (1) A copy of the appointment or removal proposal shall be sent (before notice of meeting is given to the shareholders) 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 fiscal 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 representations are received too late) take the following measures:
- (i) in any notice of meeting held for making the resolution, state the fact of the representations having been made by the leaving accounting firm; and
  - (ii) attach a copy of the representations to the notice and send it to the shareholders in the manner stipulated in the Articles of Association.
- (3) If the Company fails to send out the accounting firm, representations in the manner set out in sub-paragraph (2) of this Article, such accounting firm may require that the representations be readout at the shareholders' general meeting and may make further representations.
- (4) An accounting firm which is leaving its post shall be entitled to attend:
- (i) the shareholders' general meeting at which its term of office would otherwise have expired;
  - (ii) the shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
  - (iii) the shareholders' general meeting which is convened as a result of its resignation,

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

- Article 190** If the Company proposes to remove the accounting firm or not to renew the appointment thereof, it should notify the accounting firm in advance, and the latter has the rights to state its opinions to the shareholders' general meeting. If the accounting firm resigns, it shall explain to the shareholders' general meeting whether there has been any impropriety on the part of the Company.
- (1) The accounting firm may resign its office by depositing the written notice of resignation at the legal 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:
- (i) a statement to the effect that there are no circumstances connected with its resignation which it considers shall be brought to the notice of the shareholders or creditors of the Company; or
  - (ii) a statement of any such circumstances that should be explained.
- (2) The Company shall, within fourteen days after receipt of the notice mentioned referred to in sub-paragraph (1) of this Article, send a copy of the notice to the relative competent authority. If the notice contains a statement under the sub-paragraph (1)(ii) 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 shareholder who is entitled to receive the Company's financial statements at the address registered in the register of shareholders.
- (3) If the accounting firm's notice of resignation contains a statement under sub-paragraph (1)(ii) of this Article, the accounting firm may request the board of directors to convene an extraordinary general meeting to listen to the explanation on resignation.

Article 148 of the Mandatory Provisions Article 162 of the Guidelines

Letter of Opinions on Supplementary Amendments – No. 10 Paragraph (e)(ii), Section 1, Appendix 13D to the Main Board Listing Rules

Paragraph (e)(iii), Section 1, Appendix 13D to the Main Board Listing Rules

Paragraph (e)(iv), Section 1, Appendix 13D to the Main Board Listing Rules

### **Chapter 17: Insurance**

**Article 191** The Company shall take out the insurance as required by the applicable insurance laws of the PRC upon discussion and decision by the board of directors.

**Article 192** The Company may establish a system of insurance for the liabilities of its directors, supervisors, general manager and other senior management officers.

### **Chapter 18: Labor System**

**Article 193** The Company may at its discretion employ and dismiss employees and enter into employment contracts with all employees based on the business development needs of the Company and in accordance with the requirements of the laws and regulations of the State.

**Article 194** The Company shall determine the labor wage system and method of payment according to the relevant requirements of the State, the Articles of Association and the Company's economic efficiency.

**Article 195** The Company shall endeavour to improve the staff welfare, and continue to improve the working and living conditions of the staff.

**Article 196** The Company shall set aside staff medical, retirement and unemployment insurance funds, and set up labor insurance system in accordance with the relevant laws and regulations of the State.

### **Chapter 19: Trade Union**

**Article 197** The Company's staff shall have the right to form a trade union and organize trade union activities to preserve their legal rights. The Company shall provide the trade union with necessary conditions for its activities.

## Chapter 20: Merger and Demerger of the Company

**Article 198** In the event of the merger or demerger of the Company, a plan shall be proposed by the board of directors and shall be approved in accordance with the procedures stipulated in the Articles of Association. The Company shall then go through the relevant approval process according to the law. Shareholders who oppose the plan of merger or demerger of the Company shall have the right to request the Company or the shareholders who consent such plan to purchase their shares at a fair price. The contents of the resolution of merger or demerger of the Company shall constitute special documents which shall be available for inspection by the shareholders of the Company.

Article 149 of the  
Mandatory Provisions

The aforesaid documents shall be sent to each holder of overseas-listed foreign shares by post.

**Article 199** The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

Article 150 of the  
Mandatory Provisions  
Article 171 of the  
Guidelines

In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare balance sheets and lists of property. The Company shall notify its creditors within ten days from the date of the Company's resolution on merger and shall publish an announcement in the newspaper within thirty days from the date of such resolution. The creditors may, within thirty days as of the receipt of the notice or within forty-five days as of the issuance of the announcement if it fails to receive a notice, require the Company to repay its debt or provide corresponding guarantees.

Upon the merger, rights in relation to debtors and in indebtedness of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

Article 173 of the  
Guidelines

**Article 200** Where there is a demerger of the Company, its assets shall be divided up accordingly. Article 151 of the Mandatory Provisions

In the event of a demerger, the parties to the demerger shall enter into a demerger agreement, and prepare balance sheets and lists of property. Article 172 of the Guidelines

The Company shall notify its creditors within ten days from the date of the Company's resolution on demerger and shall publish an announcement in the newspaper as accepted by the stock exchange on which the shares of the Company are listed 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 demerger, the succeeded companies after the demerger shall jointly assume the indebtedness of the Company which has been incurred before such demerger. Article 175 of the Guidelines

**Article 201** The Company shall, in accordance with law, apply for change in its registration with the company registration authority where a change in any item in its registration arises as a result of any merger or demerger. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law. Article 152 of the Mandatory Provisions  
Article 177 of the Guidelines

## Chapter 21: Dissolution and Liquidation of the Company

**Article 202** In any of the following circumstances, the Company shall be dissolved and liquidated in accordance with the laws: Article 153 of the Mandatory Provisions

- (1) the shareholders' general meeting resolves to dissolve the Company;
- (2) dissolution is necessary due to a merger or demerger of the Company;
- (3) the Company is announced bankrupt according to the laws due to its failure to settle liabilities in due; Article 178 of the Guidelines

- (4) the business licence is revoked, the Company is ordered to close down or is wound up according to the laws;
- (5) the Company has experienced material difficulties in operation and management, and the continuous operation would lead to substantial loss to the benefits 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;
- (6) other circumstances in which the Company is required to dissolve according to the laws and regulations.

**Article 203** Where the Company is dissolved pursuant to sub-paragraph (1) of the preceding Article, a liquidation committee shall be set up within fifteen days, and the composition of the liquidation committee shall be determined by an ordinary resolution of shareholders in a general meeting.

Article 154 of the  
Mandatory Provisions  
Article 180 of the  
Guidelines

Where the Company is dissolved pursuant to sub-paragraphs (3) and (5) of the preceding Article, the people's court shall, according to the relevant laws, organize the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out the liquidation.

Where the Company is dissolved pursuant to sub-paragraph (4) of the preceding Article, the relevant competent authorities shall organize the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out the liquidation.

**Article 204** 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 shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within twelve months from the commencement of the liquidation.

Article 155 of the  
Mandatory Provisions



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

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

**Article 205** The liquidation committee shall notify creditors within ten days from the date of its establishment and publish announcements in newspapers within sixty days. The creditors may declare their claims to the liquidation committee within thirty days from the date it receives the above notice or within forty-five days from the announcement date if no such notice is received. Claims shall be registered by the liquidation committee according to the laws. During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

Article 156 of the  
Mandatory Provisions  
Article 186 of the  
Company Law

**Article 206** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

Article 157 of the  
Mandatory Provisions  
Article 181 of the  
Guidelines

- (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 or by making announcement;
- (3) to dispose of and liquidate any unfinished 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; and
- (7) to represent the Company in any civil proceedings.

**Article 207** 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 relevant competent authorities for confirmation.

Article 158 of the  
Mandatory Provisions  
Article 183 of the  
Guidelines

After the shareholders' general meeting resolves to dissolve the Company or the Company declares bankruptcy or is ordered to close down in accordance with the laws, no one shall dispose the Company's assets without approval of the liquidation committee.

The assets of the Company shall be applied for liquidation in the following order: payment of liquidation expenses, staff wages and social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the Company's debts.

The remaining assets of the Company after repayment of its debts in accordance with the preceding provision shall be distributed to the shareholders of the Company according to the class of shares held by them and in proportion to their respective shareholdings.

During the liquidation period, the Company is still in existence but shall not commence any business activities not related to the liquidation.

No property of the Company may be distributed to the shareholders before making repayments stipulated in the preceding paragraphs.

**Article 208** If after sorting out the Company's assets and preparing a balance sheet and an inventory of assets in connection with the liquidation of the Company due to its dissolution, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the people's court for a declaration of bankruptcy.

Article 159 of the  
Mandatory Provisions  
Article 184 of the  
Guidelines

After the Company is declared bankrupt by a ruling of the people's court, the liquidation committee shall transfer all matters arising from the liquidation to the people's court.

**Article 209** Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of the income and expenses during the liquidation period and financial accounts, which shall be verified by PRC certified public accountants and then submitted to the shareholders' general meeting or relevant competent authorities for confirmation.

Article 160 of the  
Mandatory Provisions  
Article 185 of the  
Guidelines

The liquidation committee shall, within thirty days after such confirmation given by a shareholders' general meeting or the relevant competent authority, submit the documents referred to in the preceding paragraph to the company registration authority and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.

## **Chapter 22: Procedures for Amendments to the Company's Articles of Association**

**Article 210** The Company may amend the Articles according to the provisions of laws, administrative regulations and the Articles of Association.

Article 161 of the  
Mandatory Provisions

**Article 211** Amendment to the Articles of Association which involve the contents of the Mandatory Provisions shall become effective upon approval by the approval authorities authorized by the State Council and securities regulatory authority of the State Council. Where amendments involved the registered particulars of the Company, application shall be made for alteration of registration in accordance with the laws.

Article 162 of the  
Mandatory Provisions

## **Chapter 23: Notices**

**Article 212** Unless otherwise required by the Articles of Association, if the notices to the holders of overseas-listed foreign shares are issued by way of announcement, any ready-to-publish electronic copy of such notices shall be submitted through HKEx-EPS to the HK Stock Exchange for publication on its website on the same day in accordance with the local listing rules. The announcement shall meanwhile be published on the Company's website. In addition, it shall be served on each of the holders of the overseas-listed foreign shares by hand or by prepaid mail to their addresses as shown in the register of shareholders, so that the shareholders would be fully notified and have enough time to exercise his right or act in accordance with the notice.

Rules 7(1) and 7(3),  
Appendix 3 to the  
Main Board Listing  
Rules

Holder of overseas-listed foreign shares may by notice in writing choose to receive corporate communications that shall be dispatched by the Company to shareholders by electronic means or by post and shall also specify whether they wish to receive the English version, the Chinese version, or both the English and Chinese versions. Holders of overseas-listed foreign shares may by reasonable notice in writing served on the Company to change their choice as to the manner of receiving and language version of the aforesaid corporate communications.

**Article 213** Where a notice is delivered by post, it shall be deemed as having been delivered to the extent that the envelope is properly addressed, the postage is prepaid, the notice is contained in the envelope and the envelope which contains the notice is put into the post box. The notice shall be deemed as having been received after forty-eight hours upon the delivery.

The notice for holders of domestic shares shall be published in one or more media designated by the securities regulatory authorities of the State Council. Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the relevant notice.

**Article 214** Notwithstanding the aforesaid provision which specifies the provision and/or dispatch of written corporate communication to shareholders, for the purpose of 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 electronic means or via its website. Corporate communication includes but not limited to circulars, annual reports, interim reports, quarterly reports, notices of the shareholders' general meetings, and other types of corporate communication as specified in the Hong Kong Listing Rules.

## Chapter 24: Settlement of Disputes

**Article 215** The Company shall abide by the following principles for settlement of disputes:

Letter of Opinions  
on Supplementary  
Amendments – No. 11  
Article 163 of the  
Mandatory Provisions

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

Where the aforesaid disputes or claims of rights is referred to arbitration, the entire claims or disputes 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 senior management officers, comply with the decisions made in the arbitration.

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

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

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

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

## Chapter 25: Supplementary Provisions

**Article 216** In the Articles of Association, the meaning of “no less than”, “within”, “no more than” includes the underlying number, while “more than”, “less than”, “beyond” does not include the underlying number. Article 195 of the Guidelines

**Article 217** Senior management officers referred to in the Articles of Association include the general manager, deputy general managers, financial controller, chief economist, secretary to the board of directors and other personnel appointed by the board of directors. References to “general manager”, “deputy general managers” and “financial controller” in the Articles of Association are to “manager”, “vice manager” and “financial controller” in the Company Law. Article 11 of the Guidelines

**Article 218** In the Articles of Association, the meaning of an accounting firm is the same as that of “auditors”. Article 165 of the Mandatory Provisions

**Article 219** The Articles of Association are written in Chinese. In the event of any conflict between the Articles of Association in other languages or different versions of the Articles of Association and the Articles of Association in Chinese, the latest approved and registered Chinese version verified by the company registration authority shall prevail. Should there be any discrepancies between the versions in other languages and the Chinese version, the Chinese version shall prevail. Article 194 of the Guidelines

The power of interpretation of the Articles of Association shall be vested in the Company's board of directors. Any matters not contained in the Articles of Association shall be proposed by the board of directors at the shareholders' general meeting for approval. Article 196 of the Guidelines