

China National Materials Co., Ltd.

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

## ARTICLES OF ASSOCIATION

Approval by the Extraordinary General Meeting of China National Materials Co., Ltd. on August 1, 2007; first amendment by the Annual General Meeting of China National Materials Co., Ltd. on June 20, 2008; second amendment by the Extraordinary General Meeting of China National Materials Co., Ltd. on August 5, 2008; third amendment by the Extraordinary General Meeting of China National Materials Co., Ltd. on December 24, 2009; fourth amendment by the Annual General Meeting of China National Materials Co., Ltd. on June 1, 2010; fifth amendment by the Annual General Meeting of China National Materials Co., Ltd. on May 15, 2012; sixth amendment by the Annual General Meeting of China National Materials Co., Ltd. on May 24, 2013 with the effect from 24 June, 2013 as approved by the Stated-owned Assets Supervision and Administration Commission of the State Council; and seventh amendment by the Extraordinary General Meeting of China National Materials Co., Ltd. on July 30, 2013 with the effect from 12 August, 2013 as approved by the Stated-owned Assets Supervision and Administration Commission of the State Council; eighth amendment by the Extraordinary General Meeting of China National Materials Co., Ltd. on July 29, 2016.

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Note: In the marginal notes of the Articles of Association, the “**Company Law**” referred to the *Company Law of the People’s Republic of China* which was amended and adopted at the 18th session of the Standing Committee of the Tenth National People's Congress of the People's Republic of China on October 27, 2005, and came into force as of January 1, 2006; the “**Securities Law**” referred to the *Securities Law of the People’s Republic of China* which was amended and adopted at the 18th session of the Standing Committee of the Tenth National People's Congress of the People's Republic of China on October 27, 2005, and came into force as of January 1, 2006; “**Mandatory Provisions**” referred to the *Mandatory Provisions for the Articles of Association of the Company to be Listed Overseas* (ZWF[1994] No.21) which was jointly issued by the former Securities Commission of the State Council and the former State Commission for Restructuring the Economic System; The “**Circular of Supplemental Comments**” referred to the *Circular Regarding Comments on the Amendments to Articles of Association of Companies Listed in Hong Kong* (ZJHH [1995] No.1) which was jointly issued by the Division of Overseas Listing of

China Securities Regulatory Commission and the former Production System Department of the State Council Office for Restructuring the Economic System; **“Opinions on Further Standardizing Operations and Intensifying Reforms of Companies Listed Overseas”** referred to the *Opinions on Further Standardizing Operations and Intensifying Reforms of Companies Listed Overseas* which was jointly issued by the China Securities Regulatory Commission and the former National Economy and Trade Commission; **“Appendices 3 and 13D of the Main Board Listing Rules”** referred to the Appendices of the *Rules Governing the Listing of Securities* issued by the Stock Exchange of Hong Kong Limited.

## CHAPTER 1

## General Provisions

**Article 1** China National Materials Co., Ltd. (hereinafter referred to as the “Company”) is a joint stock limited company established in accordance with the *Company Law of the People’s Republic of China* (hereinafter referred to as the “Company Law”), *Securities Law of the People’s Republic of China* (hereinafter referred to as the “Securities Law”), *the Special Regulations of the State Council on the Overseas Offer and Listing of Shares by Joint Stock Limited Companies, Mandatory Provisions for the Articles of Association of the Company to be Listed Overseas* (hereinafter referred to as the “Mandatory Provisions”), *the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (hereafter referred to as the “Main Board Listing Rules”) and other relevant laws and administrative regulations of the PRC.

Mandatory Provisions Article 1  
Main Board Listing Rules Appendix 13D Article 1(a)

With the approval of the State Council, the Company was established after the restructuring and remolding by China National Non-Metallic Materials Corporation and was registered in the State Administration for Industry & Commerce of the People’s Republic of China on July 31, 2007, and obtained its business license. The Company’s business license number is 100000000006109.

The promoters of the Company are China National Materials Group Corporation, Taian State-owned Assets Management Co., Ltd., China Cinda Asset Management Corporation, Well Kent International Holdings Company Limited, Xinjiang Tianshan Building Material (Group) Co., Ltd, BBMG Group Co., Ltd and Zibo New & Hi-Tech Venture Capital Co., Ltd.

**Article 2** The registered Chinese name of the Company is: 中國中材股份有限公司 (abbreviated as “中材股份”)

Mandatory Provisions

<p>The English name of the Company is: China National Materials Co., Ltd. (abbreviated as “Sinoma Co., Ltd.”)</p>	<p>Article 2</p>
<p><b>Article 3</b> The place of domicile of the Company: 11 Beishuncheng Street, Xizhimennei, Xicheng District, Beijing Postal Code: 100035</p>	<p>Mandatory Provisions Article 3</p>
<p><b>Article 4</b> The Chairman of the Board of Directors shall be the legal representative of the Company, externally representing the Company.</p>	<p>Mandatory Provisions Article 4</p>
<p><b>Article 5</b> The Company is a joint stock company with limited liability which has perpetual existence.</p>	<p>Mandatory Provisions</p>
<p><b>Article 6</b> The Articles of Association of China National Materials Co., Ltd. (hereinafter referred to as the “Articles of Association”) have been passed by special resolution in the general meeting of shareholders of the Company. Upon the approval of relevant departments of the State, the Articles of Association shall take effect from the day the Company’s overseas-listed foreign shares are traded at the Stock Exchange of Hong Kong Ltd. (hereinafter referred to as the “Hong Kong Stock Exchange”) and shall replace the original Articles of Association of the Company recorded in the authorities of administration for industry and commerce.</p>	<p>Article 5 Mandatory Provisions Article 6</p>
<p>From the effective date of the Articles of Association, the Articles of Association shall be a legally binding document which regulates the organization and acts of the Company, and defines the rights and obligations between the Company and the shareholders and among the shareholders themselves.</p>	<p>Mandatory Provisions Article 7(2) &amp; (3)</p>

Subject to the Articles of Association not being contravened, in

accordance with the Articles of Association, shareholders may institute legal proceedings against the Company and other shareholders; shareholders may also institute legal proceedings against directors, supervisors, president (“general manager” as mentioned in the *Company Law*) and other senior officers (including vice president, chief financial officer, secretary to the Board of Directors and secretary to the Company - the same below) of the Company. The Company may institute legal proceedings against shareholders, directors, supervisors, president and other senior officers.

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

**Article 7** The Articles of Association shall be binding on the Company, its shareholders, directors, supervisors, president and other senior officers. All persons mentioned above shall have the right to claim relating to the affairs of the Company in accordance with the Articles of Association.

Mandatory  
Provisions  
Article 7(1)

**Article 8** The Company may invest in other enterprises. However, unless it is otherwise provided for by any law, it shall not become a capital contributor that shall bear several and joint liabilities for the debts of the enterprises in which it invests.

Company Law  
Article 15  
  
Mandatory  
Provisions  
Article 8

## CHAPTER 2

## Business Objectives and Scope of Business

**Article 9** The operation objectives of the Company are: to develop new and hi-tech materials manufacturing and non-metal materials technique & equipment and engineering, to provide clients with excellent and efficient services; and to contribute to the development of national economy.

Mandatory  
Provisions  
Article 9

**Article 10** The scope of business of the Company shall be subject to that approved by the registration authority of the Company.

Mandatory  
Provisions

The scope of business of the Company includes:

Article 10

Permitted business referred to contracting overseas projects compatible with the Company's capability, scale and performance, and the overseas dispatch of the labors undertaking the above-mentioned overseas projects. General business referred to the research, development, production and sale of inorganic non-metal materials; the design, production and sale of inorganic non-metal materials appliances; general project contractor; consultation and design of projects; business of import and export; the tenancy trade of mechanical plants and sales of parts for construction projects and mining, the related technical consultation and professional services for the above mentioned businesses.

The Company could base on the domestic and foreign market situations; the development of business and the self-capacity to adjust its scope of business, and handle the relevant procedures for adjustment in accordance with the regulations.



## CHAPTER 3

## Shares, Registered Capital and Transfer of Shares

**Article 11** The Company shall have ordinary shares at all times. Subject to the approval of the company approval authority authorized by the State Council, the Company may, according to its requirements, set up other classes of shares.

Mandatory  
Provisions  
Article 11

**Article 12** The shares issued by the Company shall each have a par value of Renminbi one yuan.

Mandatory  
Provisions

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

Article 12

**Article 13** Subject to the approval of the securities regulatory authorities of the State Council, the Company may issue shares to domestic investors and overseas investors.

Mandatory  
Provisions  
Article 13

Overseas investors referred to in the preceding paragraph shall mean investors in foreign countries as well as in Hong Kong, Macau and Taiwan areas who subscribe for shares issued by the Company; domestic investors shall mean investors within the territory of the People's Republic of China other than those areas mentioned above who subscribe for shares issued by the Company.

**Article 14** The shares issued by the Company to domestic investors and subscribed for in Renminbi shall be called domestic invested shares. The shares issued by the Company to overseas investors and subscribed for in foreign currencies shall be called foreign invested shares. Foreign invested shares which are listed overseas are known as overseas listed foreign invested shares.

Mandatory  
Provisions  
Article 14

Foreign currencies referred to in the preceding paragraph shall

mean the lawful currencies, other than Renminbi, of other countries or regions which are approved by the state foreign exchange administration authority and can be used to pay for offer shares.

**Article 15** The foreign invested shares listed in Hong Kong are hereinafter referred to as "H shares". H Shares shall mean the shares which are approved for listing by the Stock Exchange of Hong Kong Limited, carry a par value denominated in Renminbi and are subscribed for and traded in Hong Kong dollars.

**Article 16** Upon the approval of the approval authorities authorized by the State Council, 2,500,000,000 ordinary shares were issued by the Company to the promoters at the time of the Company's establishment and were all subscribed and held by the Company's promoters.

**Article 17** Upon the establishment of the Company, as approved by the securities regulatory authority of the State Council, the Company is to issue 1,071,464,000 overseas listed foreign invested shares (including an over-allotment of 139,756,000 overseas listed foreign invested shares). Pursuant to the relevant regulations of the State Council, the state-owned shareholders of the Company shall at the same time transfer their 92,684,115 shares to the National Council for Social Security Fund.

Upon the completion of the offering, the structure of the Company's share capital is as follows: 1,494,416,985 shares are held by China National Materials Group Corporation, representing 41.84%; 309,786,095 shares are held by Taian State-owned Assets Management Co., Ltd., representing 8.67%; 319,788,108 shares are held by China Cinda Asset Management Corporation, representing 8.96%; 130,793,218 shares are held by Well Kent International Holdings Company Limited, representing 3.66%; 64,329,980 shares

Mandatory  
Provisions  
Article 15

Mandatory  
Provisions  
Article 16

Article 9 of  
Appendix 3 of  
Main Board Listing  
Rules

are held by Xinjiang Tianshan Building Materials (Group) Company Limited, representing 1.80%; 62,439,074 shares are held by BBMG Group Co., Ltd, representing 1.75%; 25,762,425 shares are held by Zibo New & Hi-Tech Venture Capital Co., Ltd., representing 0.72%; 1,164,148,115 shares are held by shareholders of overseas-listed foreign invested shares, representing 32.60%.

**Article 18** Subject to the approval of the Company's plan to issue overseas listed foreign invested shares and domestic invested shares by the securities regulatory authority of the State Council, the Board of Directors of the Company may arrange for the issue of such shares respectively.

Mandatory Provisions Article 17

The Company's plan to issue overseas listed foreign invested shares and domestic invested shares respectively pursuant to the provisions aforesaid may be implemented respectively within 15 months from the date of approval of the securities regulatory authority of the State Council.

**Article 19** The issue of overseas listed foreign invested shares and domestic invested shares within the total number of shares determined under the issue plan shall be issued respectively and subscribed for at one time; if this cannot be achieved due to exceptional circumstances, the same may, subject to approval by the securities regulatory authority of the State Council, be issued separately.

Mandatory Provisions Article 18

**Article 20** The registered capital of the Company was RMB2,500,000,000 upon establishment. The Company completed its over-allotment of overseas-listed foreign invested shares in January, 2008 and completed its changes in registration with industrial and commercial authorities in August, 2008 with the

Mandatory Provisions Article 19

changed registered capital of RMB3,571,464,000 of the Company .

**Article 21** Unless otherwise provided by laws and administrative regulations, the shares of the Company shall be freely transferable and free from any liens.

Mandatory  
Provisions  
Article 21

Subject to the approval of the securities regulatory authority of the State Council, shareholders of the Company 's domestic invested shares could transfer the shares he/she holds to overseas investors, and the shares can be listed and traded overseas. Those shares transferred shall be in compliance to the regulatory progress, provisions and requirements while listed and traded in overseas securities markets. The listing and trading situation of the transferred shares in overseas securities market is not required to convene class shareholders' meeting for resolution.

Main Board Listing  
Rule Appendix 3  
Article 1(2)

#### **CHAPTER 4 Capital Increase and Reduction and Repurchase of Shares**

**Article 22** The Company may, depending on the needs of its operation and development, and in accordance with the laws, regulations, as well as provisions contained in these Articles of Association, and shall be upon the passing of special resolution in the shareholders' meeting, increase capital by the following methods:

Mandatory  
Provisions  
Article 20

Securities Law  
Article 10

- (1) issue of new shares to unspecified investors;
- (2) placement of new shares to the existing shareholders;
- (3) bonus issue of new shares to the existing shareholders;
- (4) offer of new shares to specified investors;
- (5) increase the share capital with reserve funds;
- (6) other methods as stipulated by laws, administrative regulations and permitted by relevant supervisory authorities.

The increase of capital of the Company by way of issuing new shares shall be carried out after the approval is obtained in

accordance with these Articles of Association and pursuant to the procedures as required by relevant laws and administrative regulations of the State.

**Article 23** The Company may sell the shares of a member who is untraceable and retain the proceeds, in the event that :

Main Board Listing  
Rules Appendix 3  
Article 13(2)

(i) during a period of 12 years, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the shareholder; and

(ii) on expiry of the 12 years, the Company being authorized by the securities regulatory authority of the State Council to give notice of its intention to sell the shares by way of publishing advertisement in newspapers and notifies such authority and the overseas exchange and relevant regulatory authorities where its shares are listed of such intention.

**Article 24** The Company may reduce its registered capital in accordance with the stipulations of these Articles of Association. The reduction of capital of the Company shall be carried out in accordance with the Company Law and other relevant provisions and procedures stipulated in these Articles of Association.

Mandatory  
Provisions  
Article 22

**Article 25** When the Company reduces its registered capital, the Company shall prepare a balance sheet and an inventory of assets.

Mandatory  
Provisions  
Article 23

The Company shall notify its creditors within 10 days from the date on which the resolution for the reduction of registered capital has been passed and shall publish a notice to that effect in a newspaper within 30 days thereof. The creditors who have received such notice shall, within 30 days thereafter, and those creditors who

Company Law  
Article 178

have not received such notice shall, within 45 days from the date the notice is published, have the right to require the Company to repay the debt or to provide corresponding guarantees for the debt.

The registered capital of the Company after the reduction of capital shall not fall below the minimum amount required by laws.

**Article 26** The Company may under the following circumstances repurchase its shares upon approval of the relevant supervisory authorities of the State in accordance with the provisions of the laws, administrative regulations, Main Board Listing Rules, departmental regulations and these Articles of Association:

Mandatory Provisions Article 24

(1) cancellation of shares for the purpose of reduction of the Company's registered capital;

Company Article 143(1)

Law

(2) merging with other companies holding the shares of the Company;

(3) awarding shares to the staff of the Company;

(4) where the shareholders raise objection upon the resolution concerning merger and division made by the general meetings of shareholders and demand the Company to acquire his shares.

(5) other circumstances permitted by laws and administrative regulations.

**Article 27** Upon the approval of relevant supervisory authorities of the State, the Company may repurchase its shares in any one of the following methods:

Mandatory Provisions Article 25

(1) to make a repurchase offer to all shareholders on the same pro rata basis;

(2) share repurchase through open trading on a securities exchange;

(3) an off-market agreement outside a securities exchange.

**Article 28** The Company shall obtain the prior approval of the shareholders in a shareholders' general meeting before it can repurchase shares pursuant to the circumstances set out in Articles 26(1) to (3) in these Articles of Associations or repurchases shares by way of agreement outside a securities exchange. Upon prior approval granted in the same manner by shareholders in the shareholders' general meeting, the Company may discharge or amend any agreement entered into in the aforesaid method or to waive any rights granted under such agreement.

Mandatory  
Provisions  
Article 26

Company Law  
Article 143(2) & (3)

The agreement for repurchase of shares referred to in the preceding paragraph shall include, but not limited to, the agreements relating to the assumption of obligations to repurchase shares and the acquisition of rights to repurchase shares.

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

**Article 29** With regard to those repurchased shares that the Company has the right to repurchase, if they were not repurchased by public trading or by way of offer, its price shall be limited to a certain highest price; and if the repurchased shares were repurchased by way of offer, such offer shall be issued to all shareholders impartially. The Company shall not assign a contract to repurchase its shares or any of its rights thereunder.

Main Board Listing  
Rules Appendix 3  
Article 8(1) & (2)

**Article 30** Following shares being re-purchased by the Company legally, in the case of paragraph (1) under Article 26 of the Articles of Association, the shares repurchased shall be cancelled within 10 days after the completion of the repurchase. In the case of paragraphs (2) and (4) under Article 26, the shares repurchased shall be transferred or cancelled within six months after the

Mandatory  
Provisions  
Article 27

Article 143(2),(3) of  
Company Law

completion of the repurchase. In the case of paragraph (3) under Article 26, the shares the Company repurchased shall not be more than 5% of the total issued shares of the Company. The shares repurchased shall be transferred to the staff within one year.

Upon the cancellation of the repurchased shares in accordance with laws, the Company shall register the capital changes with its original company registration authority and make relevant announcement.

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

**Article 31** Unless the Company is in liquidation, the repurchase of outstanding shares by the Company shall be subject to the following provisions:

Mandatory  
Provisions  
Article 28

(1) for those shares repurchased at par value, payment shall be made out of the balance of distributable profits as shown on the accounts of the Company or from the proceeds of the issue of new shares which are issued for the purpose of repurchasing the old shares;

(2) for those shares repurchased at a value in excess of the par value, payment of the portion equal to the par value shall be made out of the balance of distributable profits as shown on the accounts of the Company or from the proceeds of the issue of new shares which are issued for the purpose of repurchasing the old shares; payment of the portion in excess of the par value shall be dealt with in the following manners:

i. for those repurchased shares which were issued at par value, it shall be paid out of the balance of distributable profits as shown on the accounts of the Company;

ii. for those repurchased shares which were issued in excess of the par value, it shall be paid out of the balance of distributable profits as shown on the accounts of the Company or from the



proceeds of the issue of new shares which are issued for the purpose of repurchasing old shares; provided that the amount paid out of the proceeds of the issue of new shares shall not exceed the total premium received from the issue of such repurchased shares, nor shall it exceed the amount in the Company's premium account (or capital reserve fund account) (including the amount of premium from the issue of new shares) at the time of such repurchase;

(3) The payments made by the Company for the following purposes shall be paid out of the distributable profits of the Company:

- i. acquisition of rights to repurchase its shares;
- ii. alteration of any agreement for repurchase of its shares;
- iii. discharging any of its obligations under any repurchase agreement.

(4) After the reduction of the total nominal value of the shares which have been so canceled from the registered capital of the Company pursuant to the relevant provisions, the amount which has been deducted from the distributable profits and which has been used for repurchasing the nominal value of the shares shall be credited to the premium account (or capital reserve fund account) of the Company.

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

**Article 32** The Company and its subsidiaries shall not, at any time, provide any form of financial assistance for a person who is acquiring or is proposing to acquire shares in the Company. This includes any person who directly or indirectly assumes any obligations as a result of the acquisition of shares in the Company.

Mandatory Provisions  
Article 29

The Company and its subsidiaries shall not, at any time, provide any form of financial assistance for the obligor for the

purposes of reducing or discharging the obligations assumed by such person.

This Article shall not apply to circumstances specified in Article 34 of this Chapter.

**Article 33** For the purposes of this Chapter, “financial assistance” includes (without limitation) the following:

Mandatory Provisions  
Article 30

(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), release or waiver of any rights;

(3) provision of loans or entering into any contracts under which the obligations of the Company are to be fulfilled before the obligations of other parties, or the change in loans or parties to the contracts, or the assignment of rights under such loans or contracts; and

(4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced by a large margin.

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

**Article 34** The following acts shall not be deemed to be

Mandatory Provisions  
Article 31

prohibited by Article 32 of this Chapter:

(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 in the Company, or the giving of the financial assistance is an incidental part of a master plan of the Company;

(2) the lawful distribution of the Company's assets as dividend;

(3) the distribution of dividends in the form of shares;

(4) a reduction of registered capital, a repurchase of shares or adjustment of the share holding structure of the Company in accordance with these Articles of Association;

(5) the provision of loans 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);and

(6) contributions made by the Company to the employee share ownership schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits).

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

**Article 35** The share certificates of the Company shall be in registered form. Mandatory Provisions Article 32

Other than the provisions stipulated in the Company Law, the Company's share certificates shall include other items expressly required by the securities exchange on which the Company's shares are listed.

During the period of its H shares being listed on Hong Kong Stock Exchange, the Company shall, at any time, ensure that all the listing documents (include H share certificates) of its securities that are listed on Hong Kong Stock Exchange shall include the statements stipulated below:

(1) The acquirer of shares agrees with the Company and each shareholder, and the Company with each shareholder, to observe and comply with the Company Law, and other relevant laws, administrative regulations and the Articles of Association of the Company.

Main Board Listing  
Rules Article  
19A.52

(2) The acquirer of shares agrees with each shareholder, director, supervisor, president and other senior officers of the Company and the Company acting for itself and for each director, supervisor, president and other officers agrees with each shareholder to refer all disputes and claims arising from the Articles of Association of the Company or any rights or obligations conferred or imposed by the Company Law or other PRC relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award. Such arbitration shall be final and conclusive.

Main Board Listing  
Rules Appendix 3  
Article 1(1)

(3) The acquirer of shares agrees with the Company and each shareholder of the Company that shares of the Company are freely transferable by the holder thereof.

(4) The acquirer authorizes the Company to enter into a contract on his behalf with each director, president and other senior officers whereby such directors, president and other senior officers undertake to observe and comply with their obligations to shareholders stipulated in the Articles of Association.

The Company shall instruct and cause each of its share

registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such shares bearing statements as mentioned above.

**Article 36** The Company shall not accept any subject matter taking the shares of the Company as a pledge. Transfer, grant, succession and pledge of shares of the Company shall be carried out in accordance with relevant laws, administrative regulations and the Articles of Association. Assignment and transfer of shares shall be registered at the share registrar assigned by the Company.

Company Law  
Article 142(1)

Main Board Listing  
Rules Appendix 3  
Article 1(1)

**Article 37** Share certificates shall be signed by the chairman of the Board of Directors. If the securities exchange on which the shares of the Company are listed requires other senior officers to sign thereon, such other senior officers so required shall also sign on such certificates. The share certificates shall be effective after the seal of the Company has been affixed thereto or the seal has been affixed thereto in a printed form. The affixing of the Company seal upon the share certificates or affixed thereto in a printed form shall be authorized by the Board of Directors. The signatures of the chairman of the Board of Directors or other relevant senior officers of the Company on the share certificates may also be made in a printed form.

Mandatory  
Provisions  
Article 33, Circular  
of Supplemental  
Comments I, Main  
Board Listing Rules  
Appendix 3 Article  
2(1)

**Article 38** The Company shall keep a register of shareholders which shall contain the following particulars:

Mandatory  
Provisions

(1) the name (title) and address (residence), the occupation or nature of each shareholder;

Article 34

(2) the class and quantity of shares held by each shareholder;

(3) the amount paid-up on or payable for the shares held by each

shareholder;

(4) the share certificate number(s) of the shares held by each shareholder;

(5) the date on which each shareholder was registered as a shareholder;

(6) the date on which any shareholder ceased to be a shareholder.

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

Subject to compliance with the Articles of Association and other applicable regulations, upon transfer of the Company's shares, the name (title) of the transferee will be registered in the register of shareholders as the holder of such shares. Main Board Listing  
Rules Appendix 3  
Article1(1)

All activities and transfers of the overseas listed foreign invested shares will be registered in the register of shareholders of overseas listed foreign invested shares which is kept at the place where the shares are listed pursuant to Article 39 of the Articles of Association.

Where two or more persons are registered as joint shareholders of any shares, they shall be deemed as the co-owner of the relevant shares, subject to the following provisions:

(1) the Company shall not be obliged to register more than four persons as the joint shareholders of any shares;

Main Board Listing  
Rules Appendix 3  
Article 1(3)

(2) all joint shareholders of any shares shall be jointly and individually assume liabilities for all payments payable in respect of the relevant shares;

(3) if any one of the joint shareholders dies, the surviving joint shareholder(s) shall be the only person(s) recognized by the Company as being entitled to the ownership of the relevant shares, provided that the Board of Directors shall have the right to require the provision of documents certifying the death of such shareholder(s) as it may deem fit

for the purpose of making amendments to the particulars in the register of shareholders; and

In respect of joint shareholders of any shares, only the joint shareholder whose name appears first in the register of shareholders shall have the right to receive the Company's share certificate(s) in respect of the relevant shares, to receive notice(s) of the Company, and to attend or to exercise all voting rights attached to the relevant shares at the shareholders' general meetings of the Company, and any notices served on the aforesaid person(s) shall be deemed to be served on all the joint shareholders of the relevant shares.

**Article 39** 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 organizations, maintain the original register of shareholders of overseas listed foreign invested shares overseas and appoint overseas agent(s) to manage such register of shareholders. The original register of shareholders of overseas listed foreign invested shares which are listed in Hong Kong shall be maintained in Hong Kong.

Mandatory Provisions  
Article 35, Circular of Supplemental Comments II

Main Board Listing Rules Appendix 13D Article 1(b)

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

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

**Article 40** The Company shall keep a complete register of shareholders.

Mandatory Provisions

The register of shareholders shall comprise the following parts:

Article 36

(1) the register of shareholders which is maintained at the Company's residence (other than those share registers which are

described in paragraphs (2) and (3) of this Article);

(2) the register of shareholders in respect of the holders of overseas listed foreign invested shares of the Company which is maintained in the same place as the overseas stock exchange on which the shares are listed; and

(3) the register of shareholders which is maintained in such other place as the Board of Directors may consider necessary for the purposes of the listing of the Company's shares.

**Article 41**            The various parts of the register of shareholders shall not overlap. A transfer of shares registered in a particular part of the register of shareholders shall not be registered in another part of the register of shareholders during the subsistence of the registration of such shares. Mandatory Provisions Article 37

Changes or rectification of each part of the register of shareholders shall be carried out in accordance with the laws of the place where such part of the register of shareholders is kept.

**Article 42**            All transfers of the overseas listed foreign invested shares shall be effected by an instrument of transfer in writing in usual or common form or in any other forms as accepted by the Board of Directors. An instrument of transfer in writing may be signed with signature and the affixing of a seal is not required. If the transferor or transferee of the Company's shares is a recognized clearing house as defined in the laws of Hong Kong (hereinafter referred to as "recognized clearing house") or its nominee(s), the instrument of transfer in writing may be executed by means of a machine imprinted signature. Circular of Supplemental Comments XII

All fully paid-up overseas listed foreign invested shares which are listed in Hong Kong shall be freely transferable in accordance with these Articles of Association, but except where the following conditions are satisfied, the Board of Directors may refuse to recognize any instruments of transfer without giving any reasons:



(1) instruments of transfer and other documents relating to the ownership of any shares or affecting the ownership of shares shall be registered and a fee of HK\$2.5 or such higher amount as determined by the Board of Directors, but not exceeding the maximum amount as prescribed from time to time by the Hong Kong Stock Exchange in its Listing Rules, shall be paid to the Company for the registration;

Main Board Listing  
Rules Appendix 3  
Article 1(1)

(2) the instrument of transfer only involves overseas listed foreign invested shares which are listed in Hong Kong;

(3) the stamp duty payable in respect of the instrument of transfer has been paid;

(4) the relevant share certificate(s) and other evidence as reasonably required by the Board of Directors showing that the transferor has the right to transfer the shares have been provided;

Main Board Listing  
Rules Appendix 3  
Article 1(3)

(5) if it is intended that the shares be transferred to joint holders, the number of joint holders shall not exceed four; and

Main Board Listing  
Rules Appendix 3  
Article 1(2)

(6) no company shall have any lien over the relevant shares.

If the Company refuses to register the transfer of shares, the Company shall, within two months from the date on which an application of transfer is officially made, give the transferor and transferee a notice of refusal to register the transfer of shares.

Company Law  
Article 142(1) &  
(2)

The Company's shares held by the promoter shall not be transferred within one year from the date of the Company's establishment.

The directors, supervisors, president and other senior officers of the Company shall report to the Company their shareholding in the Company and any alteration thereof, with the annual share transfer during their term of office no more than 25% of their total shareholding in the Company. The aforesaid personnel shall not transfer its holding of the Company's shares within six months from the date of its cessation of office.

**Article 43** No change shall be made in the register of shareholders as a result of a transfer of shares within 30 days prior to the date of a shareholders' general meeting or within 5 days prior to the determination date for the Company's distribution of dividends.

Mandatory Provisions Article 38

**Article 44** In the event that the Company convenes a shareholder's general meeting, distributes dividends, enters into liquidation or carries out other activities for which the ascertainment of shareholding is necessary, the Board of Directors shall fix a day for ascertainment of the shareholding and those shareholders who remain on the register upon the close of such day shall be the shareholders of the Company.

Mandatory Provisions Article 39

Any person who disputes the register of shareholders and asks for inclusion of his name (title) in or removal of his name (title) from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register of shareholders.

Mandatory Provisions Article 40

**Article 45** If any shareholders whose name has been registered in the register of shareholders or any person who requires to have his name (title) entered into the register of shareholders has lost his share certificate(s) (the "Original Certificate"), he may apply to the Company for the issue of replacement certificate(s) in respect of such shares (the "Relevant Shares").

Mandatory Provisions Article 41

The application for the issue of replacement share certificate(s) by a holder of domestic invested shares who has lost his share certificate(s) shall be made in accordance with the relevant provisions of the Company Law.

Company Law Article 143

The application for the issue of replacement share certificate(s) by a holder of overseas listed foreign invested shares who has lost his share certificate(s) shall be made in accordance with the laws, stock exchange regulations and other relevant requirements of the place where the original register of shareholders of such overseas listed

foreign invested shares is kept.

The application for the issue of replacement certificate(s) by a holder of H Shares who has lost his share certificate(s) shall comply with the following requirements:

(1) The applicant shall submit an application in a standard form designated by the Company together with a notarial certificate or a statutory declaration. The notarial certificate or statutory declaration shall include the reason(s) for the application made by the applicant, the circumstances under which the share certificate(s) was/were lost with supporting evidence, and a declaration that no other persons may request to be registered as a shareholder in respect of the Relevant Shares.

(2) The Company does not receive any declaration from any person other than the applicant requesting registration as the shareholder of such shares before it decides to issue a replacement share certificate.

(3) If the Company decides to issue a replacement share certificate to the applicant, an announcement of such intention to issue a replacement share certificate shall be published in the newspapers designated by the Board of Directors; the period for such announcement shall be 90 days and such announcement shall be published at least once every 30 days during such period. The newspapers designated by the board of directors shall be newspapers in Chinese and English (at least one for each) recognized by the Hong Kong Stock Exchange.

(4) The Company shall, prior to the publication of the announcement for the issue of a replacement share certificate, submit a copy of such proposed announcement to the Hong Kong Stock Exchange and may publish the announcement after receiving a reply from such Stock Exchange confirming that the announcement has been exhibited at the Hong Kong Stock Exchange. The announcement shall be exhibited at the Hong Kong Stock Exchange for a period of 90

days.

If the consent to the application for a replacement share certificate has not been obtained from the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of such proposed announcement.

(5) If, upon the expiry of the 90-day period for the publication and exhibition of the announcement as provided in paragraphs (3) and (4) of this Article, the Company has not received any objection from any person in respect of the issue of replacement share certificate, a replacement share certificate may be issued pursuant to the applicant's application.

(6) Upon issuing a replacement share certificate pursuant to this Article, the Company shall forthwith cancel the Original Certificate and such cancellation and replacement shall be registered in the register of shareholders accordingly.

(7) All expenses incurred by the Company in connection with the cancellation of the Original Certificate and the issue of a replacement share certificate shall be borne by the applicant. The Company is entitled to refuse to take any action until reasonable guarantee is provided by the applicant.

**Article 46** Upon the issuance by the Company of a Mandatory replacement share certificate pursuant to the provisions of these Provisions Articles of Association, the name (title) of a bona fide purchaser who Article 42 acquired the new share certificate as aforesaid or a shareholder who is subsequently registered as the owner of such shares (if being a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 47** The Company shall have no liability to Mandatory indemnify any person for any loss sustained by the person as a result Provisions of the cancellation of the original shares or the issuance of new shares Article 43 unless the person concerned can prove that the Company has acted

fraudulently.

## Chapter 7 Rights and Obligations of Shareholders

**Article 48** A shareholder of the Company is a holder of shares of the Company in accordance with relevant laws and whose name (title) is entered in the register of shareholders.

Mandatory  
Provisions  
Article 44

A shareholder shall enjoy rights and assume obligations in accordance with the class and the number of shares held by him; shareholders of the same class of shares shall enjoy the same rights and shall assume the same obligations.

Main Board  
Listing Rules  
Appendix 3  
Article 9

The shareholders of various classes of the Company's shares shall enjoy the same rights in respect of dividends or any other forms of distribution.

As the shareholder of the Company, a legal person shall be represented by a legal representative or an agent of the legal representative in exercising its rights.

For joint shareholders:

(1) if one of the joint shareholders dies, only the surviving shareholder(s) thereof shall be deemed by the Company to have ownership of the relevant shares, but the board of directors is entitled to request the surviving shareholder(s) for the provision of a death certificate as it may deem fit for the purpose of revision of the register of shareholders.

(2) For the purpose of joint shareholders of any shares, only the joint shareholder whose name appears first in the register of members shall have the right to receive from the Company the share certificate(s) in respect of the relevant shares, to receive notice(s) of the Company, attend the shareholders' general meeting of the Company or exercise the voting rights of the relevant shares, and any notices served to the aforesaid person shall be deemed to be served to all the joint shareholders of the relevant shares.

A receipt issued to the Company by any of the joint shareholders in connection with any dividends, bonus or capital return payable to the joint shareholders shall be deemed as a valid receipt issued to the Company by such joint shareholders.

**Article 49** A holder of ordinary shares of the Company shall enjoy the following rights: Mandatory Provisions

Article 45

(1) the right to receive dividends and other forms of profit distribution in proportion to his shareholding;

(2) the right to request, convene, hold and attend shareholders' meetings and exercise his voting right in proportion to his shareholding personally or by proxy in accordance with the relevant laws;

(3) the right to supervise and administer the business operation and activities of the Company, and to present proposals or raise enquiries;

(4) the right to transfer, donate or pledge shares held by him in accordance with the laws, administrative regulations and the provisions of these Articles of Association;

(5) the right to obtain relevant information in accordance with the provisions of these Articles of Association, including:

1. the obtaining of these Articles of Association upon payment of the cost thereof;

2. upon payment of reasonable charges, the right to inspect and make copies of:

(i) all parts of the register of shareholders;

(ii) personal particulars of the directors, supervisors, president and other senior officers of the Company, including:

(a) present and former names and aliases;

(b) principal address (residence);

(c) nationality;

(d) full-time and all other part-time occupations or duties;

(e) identification documents and the number thereof.

(iii) descriptions of the issued share capital of the Company;

(iv) reports on the aggregate par value, quantity, highest and lowest prices in respect of each class of shares repurchased by the Company and the aggregate amount paid by the Company for this purpose since the last accounting year;

Company Law  
Article 98

(v) minutes of shareholders' meetings, and resolutions of meetings of the Board of Directors and resolutions of meetings of the Supervisory Committee;

(vi) counterfoils of company debentures;

(vii) financial report(s).

(6) the right to participate in the distribution of the remaining assets of the Company in accordance with the number of shares held by him in the event of the dissolution or liquidation of the Company;

(7) the right to request the Company to repurchase his shares in the event that he votes against any resolution adopted by the shareholders' general meetings regarding the Company's merger and division;

Company Law  
Article 103(2)

(8) shareholder(s) alone or in aggregate holding 3% or more of the total number of the Company's shares shall have the right to propose a temporary motion and submit it in writing to the Board of Directors 10 days prior to the date on which the shareholders' general meeting is held;

(9) other rights as conferred by laws, administrative regulations, departmental rules or these Articles of Association.

Main Board  
Listing Rules  
Appendix 3  
Article 12

The Company shall not exercise any powers to freeze or otherwise impair any of the rights attached to a person's shares only by the reason that the person who is interested directly or indirectly

therein has failed to disclose his interests to the Company.

**Article 50** Each holder of ordinary shares of the Company shall undertake the following obligations:

Mandatory  
Provisions Article  
46

- (1) to abide by laws, administrative regulations and the Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the manner of subscription;
- (3) to bear the liability which shall be limited to the proportion of shareholdings held by him for the Company;
- (4) after the approval and registration of the Company, except for the circumstances as provided for in the relevant laws or regulations, no contributions could be withdrawn;
- (5) other obligations imposed by relevant laws, administrative rules, and the Articles of Association.

Unless otherwise stipulated by regulations, shareholders shall not be liable to make any further contributions to the share capital other than according to the terms agreed by the subscribers at the time of share subscription.

**Article 51** Save for the obligations required by the laws, administrative regulations or the listing rules of the stock exchange on which the shares of the Company are listed, in exercising its rights as a shareholder, a controlling shareholder shall not exercise his voting rights to make decisions prejudicial to the interests of all or part of the shareholders in respect of the following matters:

Mandatory  
Provisions Article  
47

(1) to exempt the directors or supervisors from their obligation to act in good faith and in the best interests of the Company;

(2) to authorize the directors or supervisors (in the interests of



himself or themselves or other persons) to deprive the Company in any manner of its assets, including (but not limited to) any opportunities beneficial to the Company;

(3) to authorize the directors or supervisors (in the interests of himself or themselves or other persons) to deprive the personal interests of other shareholders, including but not limited to any entitlement to distribution or voting rights but excluding reorganization of the Company approved by the shareholders' general meeting pursuant to these Articles of Association.

**Article 52** The "controlling shareholder" referred to in the Articles of Association shall mean a shareholder who meets one of the following conditions:

Mandatory  
Provisions Article  
48

(1) such person, either acting alone or in concert with others, may elect half or more of the directors;

(2) such person, either acting alone or in concert with others, may exercise 30% or more of the voting rights of the Company or control the exercise of 30% or more of the voting rights of the Company;

(3) such person, either acting alone or in concert with others, may hold 30% or more of the issued shares of the Company held by the public;

(4) such person, either acting alone or in concert with others, may have de facto control of the Company in any other way.

"Acting in concert" mentioned in the Article referred to the action taken by two or more persons using the mean of agreements (regardless in oral or written form) to reach in unanimity, through obtaining the voting right of any of those in the Company, for the purpose of achieving or consolidating the controlling of the Company.

## Chapter 8

## Shareholders' General Meetings

**Article 53** The shareholders' general meeting is the authority of the Company and shall have the functions and powers in accordance with laws.

Mandatory Provisions  
Article 49

**Article 54** The shareholders' general meeting shall have the following functions and powers:

Mandatory Provisions  
Article 50

(1) to decide on the Company's operational policies and investment plans;

Company Law

(2) to elect and replace directors and to decide on matters relating to the remuneration of such directors;

Article 100

(3) to elect and replace supervisors who are not staff representatives and to decide on matters relating to the remuneration of such supervisors;

(4) to examine, approve the Board of Directors' reports;

(5) to examine, approve the Supervisory Committee's reports;

(6) to examine, approve the Company's proposed annual financial budgets and final financial accounts;

(7) to examine, approve the Company's profit distribution plans and loss recovery plans;

(8) to pass resolutions on the increase or reduction of the Company's registered capital;

(9) to pass resolutions on the issue of Company's debentures or other securities and listing proposals;

(10) to pass resolutions on matters such as merger, division, dissolution, liquidation or change in the form of the Company;

(11) to amend the Company's Articles of Association;

(12) to pass resolutions on matters such as the appointment, dismissal or non-renewal of the auditing firm;

(13) to consider acquisition or disposal of material assets with a value exceeding 30% of the latest audited total assets of the Company during a year;

Company  
Article 122

Law

(14) to pass resolutions on the guarantees stipulated by Article 55

(15) to consider share incentive schemes;

(16) to decide on other matters which, according to laws, administrative regulations, and the Articles of Association, need to be approved by shareholders in shareholders' general meetings;

(17) to decide on other matters required by the listing rules of the stock exchange on which the shares of the Company are listed.

The shareholders' general meeting may authorize or appoint the Board of Directors to carry out the matters authorized or appointed by the shareholders' general meeting.

**Article 55** The following external guarantee activities require approval of shareholders' general meeting.

(1) The guarantees provided for the shareholders, the de facto controllers and the related parties of the shareholders and the de facto controllers;

In accordance with the PRC laws, administrative regulations and the relevant regulations, other matters relating to external guarantees that shall be examined by the shareholders' general meeting of the Company.

**Article 56** The Company shall not enter into any contracts with any person other than the directors, supervisors, president and other senior officers under which such person shall be responsible for the management of all or the substantial part of the Company's business without the prior approval of shareholders in the shareholders' general meeting.

Mandatory Provisions  
Article 51

**Article 57** Shareholders' general meetings shall be divided into annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year and held within six months after the end of the preceding accounting year.

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

(1) the number of directors falls below the number provided by the Company Law or less than two-thirds of the number required by the Articles of Association;

(2) the aggregate losses of the Company which have not been made up amount to one-third of the total amount of its paid-up share capital;

(3) shareholders alone or in aggregate holding 10% or more of the shares of the Company request in writing to convene an extraordinary general meeting;

(4) whenever the Board of Directors considers necessary or the Supervisory Committee proposes to convene an extraordinary general meeting;

(5) two or more independent directors propose to convene an extraordinary general meeting;

(6) other situations stipulated by the laws, administrative

regulations, departmental regulations, listing rules of the stock exchange on which the shares of the Company are listed or the Articles of Association.

Opinions on Further Standardizing Operations and Intensifying Reforms of Companies Listed Overseas Article 6

In respect of paragraphs (3) and (4), the motions proposed by the conveners should be included in the agenda of the shareholders' general meeting.

**Article 58** Shareholders who request to convene an extraordinary general meeting or a class shareholders' meeting shall follow the procedures set out below:

Mandatory Provisions Article 72

(1) shareholders who separately or aggregately hold 10% or more of the voting rights of all the shares having the right to vote in such a meeting may sign one or several written requisitions with the same contents and in the same form to request the Board of Directors to convene an extraordinary general meeting or a class shareholders' meeting, and the subject matter of the meeting shall be specified. Upon receipt of the said written requisitions, the Board of Directors shall convene an extraordinary general meeting or a class shareholders' meeting as soon as possible. The calculation of the number of shares held as aforesaid shall be made as at the date of the written requisitions.

Company Law Article 101

(2) if the Board of Directors fails to furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting or a class shareholders' meeting within 10 days after having received the aforesaid written requisitions, shareholders who separately or aggregately hold 10% or more of the voting rights of all the shares having the right to vote in such a meeting are entitled to propose to the Supervisory Committee to convene an extraordinary general

meeting or a class shareholders' meeting and shall make written proposals to the Supervisory Committee. The Supervisory Committee shall convene an extraordinary general meeting or a class shareholders' meeting as soon as possible.

(3) if the Supervisory Committee fails to furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting or a class shareholders' meeting within 10 days after having received the aforesaid proposals, shareholders who separately or aggregately hold 10% or more of the voting rights of all the shares having the right to vote in such a meeting for 90 consecutive days may convene such meeting on themselves. The procedures for convening the meeting shall, as far as possible, be the same as those for convening a shareholders' meeting by the Board of Directors.

The Company shall be liable to pay all reasonable compensation for the expenses incurred in convening and holding a meeting by the shareholders as a result of the failure of the Board of Directors to convene such meeting upon the aforesaid requisitions and such compensation shall be deducted from any payment payable to the directors who are in default of their duties.

**Article 59** When the Company convenes a shareholders' general meeting, the shareholders who hold in aggregate 3% or more of the Company's shares with voting rights can propose new motions 10 days prior to the convening of the shareholders' general meeting and submit them to the conveners of the meeting in writing. The conveners of the shareholders' general meeting shall issue a supplementary notice of the shareholders' general meeting within two days after the receipt of such proposal, notify other shareholders, include the matters in the

Mandatory Provisions  
Article 54  
Company Law  
Article 103(2)

proposals that fall within the scope of duties of the shareholders' general meeting in the agenda of the meeting and submit them to the shareholders' general meeting for examination.

**Article 60** A shareholders' general meeting shall be convened by a written notice served on the shareholders registered as such in the register of shareholders 45 days prior to the meeting (including the meeting date) specifying the matters to be considered and the time and place of the meeting. Shareholders who intend to attend the shareholders' general meeting shall serve the Company with a written reply 20 days before the date of the meeting.

Mandatory Provisions  
Article 53

Notice of shareholders' general meeting shall be served on all shareholders (whether or not such shareholders are entitled to vote at the shareholders' general meeting) in person or by prepaid mail to the address recorded in the register of shareholders. Upon meeting requirements of the laws, administrative rules, listing rules of the place where the shares of the Company are listed, the notice of shareholders' general meeting may also be served by way of public announcement (including public announcement through the website of the Company).

Mandatory Provisions  
Article 57

Main Board Listing  
Rules Appendix 3  
Article 7(3)

The announcement referred to in the preceding paragraph shall be published 45 days to 50 days prior to the date of the meeting in one or several newspapers designated by the securities regulatory authorities of the State Council. Once the announcement has been made, all holders of domestic invested shares shall be deemed to have received the notice of the shareholders' meeting. Such announcement shall be published on the same day in Chinese and English separately on the Hong

Main Board Listing  
Rules Appendix 3  
Article 7(1)

Kong Stock Exchange and the website of the Company or in the ways designated by the Hong Kong Stock Exchange from time to time.

**Article 61** Pursuant to the written replies received 20 days prior to the shareholders' general meeting, the Company shall calculate the number of shares which carry the right to vote held by those shareholders who intend to attend the meeting. If the number of shares which carry the right to vote held by those shareholders who intend to attend the meeting is more than one half of the total number of shares of the Company which carry the right to vote, the Company may convene a shareholders' general meeting; otherwise, the Company shall within five days thereof give a further notice to the shareholders specifying the matters to be transacted and the date and place of the meeting by way of an announcement. After giving such notice, the Company may convene the shareholders' general meeting.

Mandatory Provisions  
Article 55

Company Law  
Article 103(3)

An extraordinary general meeting shall not resolve on any matters which have not been specified in the notice of meeting.

**Article 62** A notice of the shareholders' general meeting shall meet the following requirements:

Mandatory Provisions  
Article 56

- (1) be in writing;
- (2) specify the time and place and the date of the meeting;
- (3) state the matters to be discussed at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to exercise an informed judgment on the matters to be discussed at the meeting. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase shares of the Company, to reorganise 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 causes and consequences of such proposal must be properly explained;

(5) contain a disclosure of the nature and extent, if any, of material interests of any directors, supervisors, president or other senior officers in the transaction proposed and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of other shareholders of the same class;

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

(7) contain conspicuously a statement that a shareholder entitled the right to attend and vote has the right to appoint one or more proxies to attend and vote on behalf of him and that a proxy may not be a shareholder of the Company;

(8) specify the time and place for lodging proxy forms for the relevant meeting

**Article 63** Accidental omission to serve a notice on, or non-receipt of any such notice by, such person who has the right to receive the same shall not invalidate the meeting and the resolutions passed at the meeting.

Mandatory Provisions  
Article 58

**Article 64** Any shareholder who has the right to attend and vote at a shareholders' meeting shall have the right to appoint one or more persons (whether being a shareholder or not) as his proxy or proxies to attend and vote at such meeting on his behalf. Such proxy or proxies may exercise the following rights pursuant to the appointment made by the shareholder:

Mandatory Provisions  
Article 59

(1) the right of such shareholder to speak at the shareholders' general meeting;

(2) to act on his own or join with other persons to demand for a poll;

(3) to exercise the right to vote by a show of hands or by poll; but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

**Article 65** A shareholder shall appoint his proxy in writing signed by the appointer or an attorney authorized by him for such purpose; if the appointer is a legal entity, the same shall be affixed with the seal of such legal entity, or signed by its directors or a duly authorized representative.

Mandatory Provisions  
Article 60

**Article 66** An instrument appointing a proxy shall be deposited at least 24 hours prior to the commencement of the relevant meeting at which the proxy is appointed to vote or 24 hours before the time appointed for voting at the registered address of the Company or such other place as the notice of meeting may specify. If the instrument appointing a proxy has been signed by a person authorized by the appointer, the power of attorney or other instruments of authorization shall be notarized. The power of attorney or other instruments of authorization so notarized together with the proxy form shall be deposited at the registered address of the Company or such other place as the notice of meeting may specify at the same time.

Mandatory Provisions  
Article 61

In the event that the appointer is a legal person, such shareholder shall be represented at the shareholders' general meeting of the Company by its legal representative or the person authorized by its Board of Directors or other governing body of such appointer.

If a recognised clearing house (or its nominee) is a shareholder of the Company, it may authorise one or more persons as it thinks fit to act as its representative or representatives at any shareholder's general meetings or class shareholders' meeting of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of each such person who is so authorised. The person so authorised shall have the right to exercise the right on behalf of the recognised clearing house (or its nominee) as if he is an individual shareholder of the Company.

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HKSCC Nominees  
Limited

**Article 67** The instrument delivered to a shareholder by the Board of Directors of the Company for appointing a proxy shall be in such form so as to enable the shareholder to instruct freely at his choice the proxy to vote in favor of or against any resolution and to give instruction on each item of the business put to vote at the meeting. Such instrument of proxy shall specify that if no instruction is given by the shareholder, the proxy may vote in the way as he thinks fit.

Mandatory Provisions  
Article 62

Subject to the above regulations, the proxy form mentioned above shall contain the following contents: the number of shares each proxy represents, the name of the proxy; proxy's voting rights; whether the proxy has voting right on special motions possibly to be put on the agenda of shareholders' general meeting; if he/she has, specific instructions on what kind of voting right he/she shall exercise; the issuing date of proxy letter and its effective period. In the event that more than one person is appointed to act as proxies, such proxy form shall specify the respective number of shares represented by each proxy.

Main Board Listing  
Rules Appendix 3  
Article 11(1)

The proxies who represent the shareholders to attend the meeting shall indicate their own identities, proxy forms signed by the appointers or legal representatives of the appointers, and the proxy forms should stipulate the date of issue. If a corporate shareholder appoints a representative to attend the meeting, the representative should indicate his own identity as well as notarized copy of the resolution of the Board of Directors of the legal person that appoints such representative or other authorities or other evidenced copies of permits of the Company.

**Article 68** Notwithstanding the death or incapacity of the appointer, or the revocation of the appointment or revocation of the authority under which the appointing instrument is signed, or the relevant shares have been transferred, a vote by such proxy pursuant to the instrument of appointment shall still be valid provided that no notice in writing in respect of the events mentioned above has been received by the Company prior to the commencement of the relevant meeting.

Mandatory Provisions  
Article 63

**Article 69** A shareholders' general meeting shall be convened and chaired by the chairman of the Board of Directors. If the chairman of the Board of Directors cannot attend the meeting, the meeting shall be chaired by the vice chairman. If the vice chairman cannot attend the meeting either, the meetings shall be presided over by a director jointly recommended by half or more of the directors. If the Board of Directors fails to perform his duties to convene a shareholders' general meeting, the Supervisory Committee convening the shareholders' general meeting or the shareholders proposing to convene such meeting shall be responsible for presiding over such shareholders' general meeting. Shareholders' general meeting convened by the Supervisory Committee shall be presided over by the chairman of

Mandatory Provisions  
Article 73

Company Law Article  
101

the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his duties, the meetings shall be presided over by a supervisor jointly recommended by half or more of the supervisors. Shareholders' general meeting convened by shareholders shall be presided over by representatives recommended by the conveners.

**Article 70** Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions. Mandatory Provisions Article 64

An ordinary resolution of a shareholders' general meeting shall be passed by more than one half of the votes cast by the shareholders present in person or by proxy at the shareholders' general meeting.

A special resolution of a shareholders' general meeting shall be passed by more than two-thirds of the votes cast by the shareholders present in person or by proxy at the shareholders' general meeting.

The shareholders (including their proxies) attending the meeting shall clearly show approval of or objection to every matter to be voted on. As for the unpolled vote or abstention, the Company will not treat it as the vote with voting right when calculating the voting result of this matter.

**Article 71** A shareholder (including his proxies) may exercise voting rights at the shareholders' general meeting according to the number of shares which carry the right to vote held by him and each share shall have one vote, while the Company's shares held by the Company do not carry any voting rights, and shall not be counted into the total number of shares carrying voting rights in the shareholders meeting. Mandatory Provisions Article 65  
Company Law Article 104(1)

Where any shareholder is, under applicable laws, regulations and the 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 in favor of or against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted into the voting result.

Main Board Listing  
Rules Appendix 3  
Article 14

**Article 72** At any shareholders' general meeting, a resolution shall be passed by a show of hands or unless a poll is demanded in accordance with the law, administrative regulations, relevant supervisory authorities or listing rules of the stock exchange at which the Company's shares are listed by the following persons prior to or after a show of hands:

Mandatory Provisions  
Article 66

(1) chairman of the meeting;

(2) at least two shareholders or proxies having the right to vote;

(3) a shareholder or shareholders (including proxy or proxies) representing 10% or more of the total voting rights of all the shareholders having the right to vote at such meeting.

The declaration by the chairman of the meeting as to the result of the voting on a resolution by a show of hands and the entering of the same into the minutes book of the meeting shall be the conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

The Company only needs to disclose the number of voting for a poll if it is provided by laws, administrative regulations, listing rules under relevant supervisory authorities or stock exchange where its shares listed.

The demand for a poll may be withdrawn by the person

making such demand.

**Article 73** If a poll is demanded for the election of the chairman or the adjournment of the meeting, such matters shall be resolved by poll immediately; in respect of a poll demanded for other matters, the time for such a poll shall be decided by the chairman of the meeting and other business may be proceeded with at the meeting. The result of such a poll shall still be deemed as a resolution passed at the meeting.

Mandatory Provisions  
Article 67

**Article 74** On a poll taken at a meeting, shareholders including their proxies who are entitled to two or more votes are not required to cast all their votes in favor of or against a resolution.

Mandatory Provisions  
Article 68

**Article 75** In the event of equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote.

Mandatory Provisions  
Article 69

**Article 76** The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

Mandatory Provisions  
Article 70

(1) working reports of the Board of Directors and the Supervisory Committee;

(2) profit distribution plans and loss recovery plans formulated by the Board of Directors;

(3) appointment and removal of members of the Board of Directors and members of the Supervisory Committee (except supervisors who are employee representatives), their remuneration and methods of payment;

(4) annual budget and final accounts, balance sheet, income statement and other financial reports of the Company;

(5) matters other than those which are required by the laws and administrative regulations or by the Company's

Articles of Association to be adopted by special resolution.

**Article 77** The following matters shall be passed by special resolution at the shareholders' general meeting: Mandatory Provisions Article 71

(1) an increase or reduction of the share capital of the Company, or issue of any class of shares, warrants and other similar securities; Company Law Articles 104(2), 122

(2) an issue of debentures by the Company;

(3) the division, merger, dissolution and liquidation of the Company;

(4) change of the Company form;

(5) the Company's purchase and sale of major assets, or guarantee amount exceeding 30% of the latest audited assets within 1 year;

(6) amendments to these Articles of Association;

(7) review and implement the share incentive scheme;

(8) other matters that, if resolved by way of an ordinary resolution of the general meeting and pursuant to laws, administrative regulations or these Articles of Association, may have a material impact on the Company and shall be adopted by a special resolution;

(9) any other matters required by the listing rules of stock exchange where the Company's shares listed that need to be resolved by way of special resolutions.

If the shareholders' general meeting demands that all directors, supervisor, president and other senior officers should attend the meeting, the directors, supervisor, president and other senior officers shall attend the meeting. During the meeting, except matters involved the Company's confidentiality, directors, supervisors, president and other senior officers who Company Law Article 151



attend the meeting shall answer or explain to the shareholders' inquiries.

**Article 78** The chairman of the meeting shall be responsible for determining whether a resolution of the shareholders' general meeting is passed according to the poll result and his determination shall be final and the same shall be announced at the meeting and recorded in the minutes of the meeting.

Mandatory Provisions  
Article 74

**Article 79** The method and procedure for nominating directors and supervisors to be elected at shareholders' general meeting are:

(1) Shareholders severally or jointly holding more than 3% of the issued voting shares of the Company may propose non-employee representatives as director candidates or supervisor candidates to the shareholders' general meeting in written form, but the number of persons nominated shall comply with the Articles of Association and shall not be greater than the number of directors or supervisors to be elected. Shareholders' proposal to the Company regarding the aforesaid shall be delivered to the Company at least 14 days prior to the shareholders' general meeting.

(2) The Board and the Supervisory Committee, comply with the number of persons as required by these Articles of Association, shall propose a list of director candidates and supervisor candidates in accordance with the number of persons to be elected, and submit the list to the Board and the Supervisory Committee for examination respectively. Upon examination by the Board and Supervisory Committee and passed resolution for the director and supervisor candidates, a written proposal shall be submitted to the shareholders' general

Pursuant to Circular  
of Supplemental  
Comments Article 4

meeting.

(3) Written notice about the intention of nominating directors and supervisor candidates, and nominee's acceptance for nominating, together with relevant written information about the nominee shall be submitted to the Company at least 7 days prior to the shareholders' general meeting. The Board and the Supervisory Committee shall provide shareholders with the biographical and basic information of director and supervisor candidates.

Main Board Listing  
Rules Appendix 3  
Article 4(4)

(4) The length of the period the Company offer to the relevant proposer and nominee for submitting the aforesaid notice and document (start from the next day of the date of notice of the shareholders' general meeting) shall not be less than 7 days.

(5) The director or supervisor candidates shall be voted on separately at the shareholders' general meeting.

(6) In the event of a temporary vacancy of director or supervisor, the Board or the Supervisory Committee shall propose to elect or replace one at the shareholders' general meeting.

**Article 80** If the chairman of the meeting has any doubt as to the result of voting on any resolution, he may have the votes counted. If the chairman of the meeting does not make a count of such votes, any shareholder present in person or by proxy at the meeting who disputes the result announced by the chairman of the meeting shall have the right to request a count of the votes immediately after the declaration of the result and the chairman of the meeting shall forthwith proceed with such

Mandatory Provisions  
Article 75

counting.

**Article 81** In the event a count of the votes has been made at a shareholders' general meeting, the result thereof shall be recorded in the minutes of the meeting. The minutes of the meeting, together with the signature book of the shareholders attending the meeting in person and the proxy forms of the shareholders voting by proxy shall be kept at the legal address of the Company.

Mandatory Provisions  
Article 76

**Article 82** In the event that shareholders' general meeting resolves that the Company provides guarantee for a shareholder or actual controller of the Company, the shareholder as mentioned above and the shareholders controlled by the actual controller shall not participate in voting on the matter. Such matter requires the affirmative votes of more than half (exclusive) of the voting rights carried by other shareholders attending the meeting.

Company Law Article  
16(3)

**Article 83** Shareholders shall have the right to inspect copies of the minutes of meetings free of charge during office hours of the Company. Upon the request of any shareholder for a copy of the relevant minutes of meeting, the Company shall send out the copy of the minutes so requested within seven days after the identification of the shareholder and the receipt of reasonable payment thereof.

Mandatory Provisions  
Article 77

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

**Article 84** Shareholders holding different classes of shares shall be classified as class shareholders.

Mandatory Provisions  
Article 78

Class shareholders shall enjoy rights and undertake obligations according to laws, administrative regulations and

these Articles of Association.

If the Company proposes to vary or revoke the rights of the class shareholders, the same can only be implemented after it has been passed by a special resolution at a shareholders' general meeting and also by the class shareholders so affected at the shareholders' meetings respectively convened in accordance with Articles 86 to 90 of these Articles of Association.

Mandatory Provisions  
Article 79

**Article 85** The following situations shall be considered as a variation or abrogation of the rights of a certain class of shareholders:

Mandatory Provisions  
Article 80

(1) the increase or reduction of the number of shares of that class of shares or the increase or reduction of the number of shares in another class which carry the same or more right to vote, right of distribution or other privileges;

(2) the conversion of all or part of the shares of that class to another class, or the conversion of all or part of the shares of another class into the shares of that class or the granting of such right of conversion;

(3) the cancellation or reduction of the rights of that class of shares to receive dividends declared or accrued;

(4) the reduction or cancellation of the preferential rights of that class of shares to receive dividends or to receive distribution of assets upon the liquidation of the Company;

(5) the increase, cancellation or reduction of the share conversion rights, options rights, voting rights, rights of transfer, preemptive rights and rights to acquire the securities of the Company of that class of shares;

(6) the cancellation or reduction of the rights of that class of shares to receive payment payable by the Company in a particular currency;

(7) to create a new class of shares which enjoys the same or more voting rights, distribution rights or other privileges than those enjoyed by that class of shares;

(8) to restrict or increase the restriction on the transfer or ownership of that class of shares;

(9) the granting of subscription rights or conversion rights in respect of that class or another class of shares;

(10) the increase of the rights and privileges of another class of shares;

(11) the reorganization of the Company as a result of which different classes of shareholders assume obligations otherwise than in proportion; and

(12) the amendment or abrogation of the provisions in this Chapter.

**Article 86** Whether or not the class shareholders so affected have voting rights at the shareholders' general meeting, they shall have the right to vote at the meeting of class shareholders in respect of the matters mentioned in paragraphs (2) to (8) and (11) to (12) of Article 85 of these Articles of Association provided that interested shareholders shall not have the right to vote at the meeting of the class shareholders. Mandatory Provisions  
Article 81

An interested shareholder mentioned in the preceding paragraph refers to:

(1) in the case where the Company makes a repurchase offer to all shareholders in a proportionate manner in accordance with the provisions of Article 27 of these Articles of Association or repurchases its shares on a stock exchange through public dealing on a stock exchange, "interested shareholder" shall mean the controlling shareholder as defined in Article 52 of these Articles of Association;

(2) in the case where the Company repurchases its shares

by way of agreement other than through a stock exchange in accordance with the provisions of Article 27 of these Articles of Association, “interested shareholder” shall mean the holder of the relevant shares;

(3) in the reorganization of the Company, “interested shareholder” shall mean a shareholder who undertakes obligations to a lesser extent than other shareholders of the same class, or a shareholder who enjoys benefits which are different from those enjoyed by other shareholders of the same class.

**Article 87** A resolution of the meeting of class shareholders shall be passed in accordance with Article 86 by more than two-thirds of the voting rights of the class shareholders present and having the right to vote in the meeting.

Mandatory Provisions  
Article 82

**Article 88** If the Company convenes a meeting of class shareholders, it shall issue a written notice 45 days prior to the meeting to all shareholders of such class who are on the register of shareholders, specifying the business to be transacted and the date and place of the meeting. The shareholders who intend to attend the meeting shall serve on the Company written replies of their intention to attend 20 days prior to the meeting. That the quorum for a separate class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the holders of at least one-third of the issued shares of the class. If the number of shares which carry the right to vote at such meeting held by those shareholders who intend to attend such meeting is more than half of the total number of that class of shares, the Company may convene such meeting of class shareholders; if this cannot be attained, the Company shall further notify the shareholders by way of public notice within five days thereof specifying the business to be

Mandatory Provisions  
Article 83

Main Board Listing  
Rules Appendix 3  
Article 6(2)

transacted and the date and place of the meeting. After the giving of such notice, the Company may convene the meeting of class shareholders.

**Article 89** If the meeting of class shareholders is convened by giving notice, the notice need only be served to shareholders who are entitled to vote at such meeting.

Mandatory Provisions  
Article 84

The procedures of the meeting of class shareholders shall follow as much as possible the procedures of a shareholders' general meeting and the provisions in these Articles of Association relating to the procedures of a shareholders' general meeting shall apply to the meeting of class shareholders.

**Article 90** Apart from the shareholders of other classes of shares, the shareholders of domestic invested shares and shareholders of overseas listed foreign invested shares are deemed to be different classes of shareholders.

Mandatory Provisions  
Article 85

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

Main Board Listing  
Rules Appendix 3  
Article 9

(1) where, with the approval by a special resolution at a shareholders' general meeting, the Company issues, either individually or concurrently, domestic invested shares and overseas listed foreign invested shares at an interval of 12 months, and the number of domestic invested shares and overseas listed foreign invested shares proposed to be issued does not exceed 20% of the issued domestic invested shares and 20% of the issued overseas listed foreign invested shares respectively;

Main Board Listing  
Rules Appendix 13D  
Article 1(f)(i)

(2) where the Company's plan to issue domestic invested shares and overseas listed foreign invested shares at the time of incorporation is implemented within 15 months from the date of approval by the securities regulatory authorities of the State

Main Board Listing  
Rules Appendix 13D  
Article 1(f)(ii)

Council.

(3) where upon the approval by the securities regulatory authorities of the State Council, the Company's domestic invested shares shareholders transfer the shares they hold to foreign investors and the shares be listed outside the People's Republic of China.

## **Chapter 10 Board of Directors**

### **Section 1 Director**

**Article 91** The directors shall be elected or changed by shareholders at shareholders' general meetings. The term of office is three years. Upon expiry, the term of office of a director is renewable upon re- appointment or re-election.

Subject to compliance with the provisions of the relevant laws and administrative rules, the shareholders' general meeting may by way of an ordinary resolution remove a director whose term of office has not expired (however, claims which may arise in accordance with any contract shall not be affected).

The intention to nominate candidates for directorships and written notice from candidates expressing their acceptance of such nomination shall be submitted to the Company upon the Company issue shareholders' general meeting notice in respect to electing Directors and at least seven days prior to the convening of the shareholders' general meeting. The aforesaid notice period of the notification shall not be less than seven days.

**Article 92** Director may, before his(her) expiration of the term of office, tender his resignation report in written form to the

Mandatory Provisions  
Article 87

Circular of  
Supplemental

Comments Article 4

Main Board Listing  
Rules Appendix 3  
Article 4(3)



Board of Directors.

Director tenders his/her resignation or expiration of the term of office, his/her obligations to keep the trade secrets of the Company confidential shall survive the expiry of his term of office, until the secret became information that is open to public.

**Article 93** A director who causes losses to the Company due to his own resignation before his term of office expires shall be held liable for the damages.

**Article 94** Where the directors fails to attend the board meeting for two consecutive times and fails to appoint other directors to attend on his behalf, he shall be deemed incapable of performing his duty and the Board of Directors can propose the shareholders' general meeting to remove such director.

**Article 95** The Company has independent Director. Unless otherwise provided in this section, the qualification and obligation requirement as mentioned in these Articles of Association Chapter 14 shall applicable to independent Director.

**Article 96** Where the directors' term of office expire and timely re-election was not yet carried out, or the resignation of Director during the term of office which cause the number of board member less than quorum, original directors shall, prior to the assumption of the elected directors, performs its director duties in accordance with the law, administrative regulations and provisions of the Articles of Association.

Opinions on Further  
Standardizing Operations  
and Intensifying Reform of  
Companies Listed Overseas  
Article 6

Company Law Article  
46 (2), Article 109 (3)

## Section 2 Board of Directors

**Article** The Company shall have a Board of Directors of the Mandatory Provisions

<b>97</b>	<p>Company. The Board of Directors of the Company shall comprise 9 directors of the Company, of which at least 1/3 are independent directors of the Company. Independent directors of the Company may directly report to shareholders' general meeting, securities regulatory managing authority under the State Council and other related departments.</p> <p>The Board of Directors shall comprise one chairman and one vice chairman. The chairman and the vice chairman shall be elected or dismissed by all directors with over half of the votes. The term of office of the chairman and the vice chairman shall be three years, after which the chairman and the vice chairman shall be eligible for re-election and re-appointment.</p> <p>The director does not need to hold shares of the Company.</p> <p>The number of the chairman, vice chairman, executive directors of the controlling shareholders acting as the chairman, vice chairman and executive directors of the Company shall not exceed two.</p>	<p>Articles 86, 87</p> <p>Opinions on Further Standardizing Operations and Intensifying Reforms of Companies Listed Overseas Article 6</p>
<b>Article 98</b>	<p>The Board of Directors exercises the following functions and powers:</p> <ol style="list-style-type: none"> <li>(1) to convene shareholders' general meetings, recommend the shareholders to approve related issues and report its work in the shareholders' general meetings;</li> <li>(2) to implement resolutions of shareholders' general meetings;</li> <li>(3) to formulate business plan and investment proposal of the Company;</li> <li>(4) to formulate annual financial budget and final accounts of the Company;</li> <li>(5) to formulate the profit distribution proposals and proposals for making up losses of the Company;</li> <li>(6) to formulate proposals for the increase or reduction plan of registered capital of the Company and the issue of corporate bonds or other securities or listing project;</li> <li>(7) to formulate major acquisition or disposal, repurchase of Company's shares or the merger,</li> </ol>	<p>Opinions on Further Standardizing Operations and Intensifying Reforms of Companies Listed Overseas Article 1</p> <p>Mandatory Provisions Article 88</p> <p>Company Law Articles 47, 109 (4)</p>

- division, dismissal or change of form of the Company;
- (8) to determine the establishment of the Company's internal management structure;
  - (9) to appoint or dismiss the President and the secretary of the Board of Directors of the Company and to determine matters relating to their remuneration and according to the nomination by the President, to appoint or dismiss the Vice President, the person in charge of financial affairs and other senior officers and to determine matters relating to their remuneration;
  - (10) to determine reform, division, reorganization or dissolution proposals for wholly-owned subsidiaries or non-wholly owned subsidiaries of the Company;
  - (11) to formulate the basic management system of the Company, determine policies and proposals for employees' remunerations, welfare and rewards and penalty;
  - (12) to formulate proposals for any amendment of the Articles of Association;
  - (13) to formulate proposals for Share Incentive Scheme of the Company;
  - (14) to determine the establishment of the subsidiaries of the Company;
  - (15) to determine the establishment of special committee(s) of the Board of Directors and the appointment and dismissal of the relevant person-in-charge;
  - (16) to propose in shareholders' general meeting to appoint, re-appoint or dismiss the accounting firm which undertakes auditing work for the Company;
  - (17) to listen to the work report of the President and to review his(her) work;
  - (18) except for matters which are required by the Company Law and the Articles of Association to be resolved in shareholders' general meeting, to determine other major matters and administrative matters, and to sign other important agreements;
  - (19) to manage Company information disclosure;
  - (20) to exercise other functions and powers stipulated by the Articles of Association or shareholders' general meetings;
  - (21) to exercise other matters stipulated by the PRC

law regulations.

Resolutions relating to the above, with the exception to items (6), (7), (12) and (13) above which require the consent of two-thirds or more of the directors through voting, shall require the consent of more than half of the directors.

The Board of Directors may establish several specialized committees such as strategic and investing committee, audit committee and remuneration committee when necessary. The specialized committees shall assist the Board in the execution of its duty, or give recommendations or advices on the decisions of the Board under the leadership of the Board. The member list and rules and procedures of meeting of the specialized committees shall be resolved by the Board of Directors.

**Article 99**

The Board of Directors shall not, without the prior approval of shareholders in shareholders' general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate value of the estimated consideration for the proposed disposition and the value of the consideration for any such disposition of any fixed assets of the Company that has been completed in a period of four months immediately preceding the proposed disposition exceeds 33% of the value of the Company's fixed assets as shown in the balance sheet which has been considered in the most recent shareholders' general meeting.

Mandatory Provisions  
Article 89

For the purposes of this Article, disposition includes an act of transferring certain interests in the assets other than by way of provision of security.

The validity of a disposition by the Company shall not be affected by the breach of the first paragraph of this Article.

In the event that the Board of Directors make decisions on market development, mergers and acquisitions, and investments in new areas, for the projects with the investment amounts or mergers and acquisitions of up to more than 10% of the Company's total assets, a public consultant

Opinions on Further Standardizing Operations and Intensifying Reforms of Companies Listed Overseas  
Article 4

institutions shall be retained to provide professional advice as the important basis for the Board's decision-making.

**Article 100** The shareholders' general meeting confers the Board of Directors decision power on the following:

- (1) any single external investment of amount not more than 20% of the Company's latest audited net asset value (including any capital increase in relevant invested corporate), including investment in corporate establishment, capital increase and equity transfer or acquisition of such corporate;
- (2) any finance of amount not more than 50% of the Company's latest audited net asset for a single banking credit facility contract of the Company's own; any finance of amount not more than 20% of the Company's latest audited net asset value for a single banking loan contract;
- (3) any risk investment and entrusted asset management such as stocks, futures and foreign exchange trading of amount accumulated not more than 3% of the Company's latest audited net asset value;
- (4) any other contracts, transactions and arrangement that are non-business operating, of amount not more than 20% of the Company's latest audited net asset value.

For projects that are over the aforesaid amounts, the Board of Directors shall arrange related specialists and professionals for evaluation, and report in shareholders' general meeting for approval.

**Article 101** The chairman of the Board of Directors shall exercise the following functions and powers: Mandatory Provisions Article 90

- (1) to preside over the shareholders' general meetings and to convene and preside over the meetings of the Board of Directors;
- (2) to review the implementation of the resolutions of the Board of Directors;
- (3) to sign securities certificates issued by the Company;
- (4) to organize and formulate all systems of the operation of the Board of Directors and to coordinate the operation of the Board of

- Directors;
- (5) to ensure that the Company formulates sound corporate management regulations and procedures;
  - (6) to sign important legally binding documents on behalf of the Company;
  - (7) to propose the list of the vice chairman, president and the secretary to the Board of Directors of the Company;
  - (8) to supervise and examine the work of the specialized committee(s);
  - (9) to listen to regular or irregular reports from senior officers of the Company and provide guiding opinions on the execution of resolutions given by the Board of Directors;
  - (10) to convene a meeting with non-executive directors (including independent non-executive directors) without executive directors attending the meeting at least once per annum;
  - (11) in any emergent force majeure events or seriously urgent situations, and in the emergent situation that it is unable to convene the Board of Directors in time, to exercise his special right of disposition in accordance with the laws and in the interests of the Company, and report to the Board of Directors and the shareholders' general meeting of the Company thereafter;
  - (12) to exercise other functions and powers conferred by law, regulations, Main Board Listing Rules, the Articles of Association and the resolution of the Board of Directors.

Company Law Article 110 (2)

Where the chairman of the Board is unable to perform his duty, the vice chairman shall perform the duty related thereto; in the event that the vice chairman is unable to perform his duty, a director shall be elected jointly by not less than half of the total members of the Board of Directors to fulfill the duty hereof.

The Board of Directors may confer the chairman of the Board power to perform partial duties of the Board during the recess of the Board meeting when necessary.

**Article 102**

Periodic meetings of the Board of Directors shall be held at least four times per annum. Meetings of the Board of Directors shall be convened by the

Mandatory Provisions Article 91 Main Board Listing

chairman.

Rules Appendix 14

In any of the following circumstances, the chairman of the Board of Directors shall convene an extraordinary meeting of the Board of Directors within 10 days after requests:

Company Law Article 110 (2)

- (1) shareholder(s) representing more than one-tenth of the voting rights so request(s);
- (2) more than one-third of the directors so request jointly;
- (3) more than two independent directors so request;
- (4) the Supervisory Committee so requests;
- (5) where there is an urgent matter, the President so request to convene an extraordinary meeting of the Board.

Opinions on Further Standardizing Operations and Intensifying Reforms of Companies Listed Overseas Article 6

The chairman of the Board of Directors may decide to convene an extraordinary meeting of the Board when he considers necessary.

**Article 103**

The notice time limit and manner of convening regular and extraordinary meeting of the Board shall be:

Mandatory Provisions Article 92

All directors, supervisors and the President shall be notified 14 days before holding the regular meeting and five days before holding the extraordinary meeting of the Board. The office of the Board of Directors shall send a written notice with its seal to all directors, supervisors and the President personally, or by fax, email or other means. If the notice is not served personally, confirmation by phone and relevant records are required.

If an interim Board meeting is needed under urgent circumstances, the convener may issue the meeting notice orally or by telephone, in which case the convener shall give an explanation at the meeting.

**Article 104**

In case a director attends the meeting, and does not state before or at the meeting that he receives no meeting notice, then it is deemed that the meeting notice has been served on him.

The regular and extraordinary meetings of the Board of Directors may be held by the way of telephone

meetings or other similar communication equipment. The meetings convened by this way shall ensure that the attending directors are able to hear clearly the directors who speak at the meeting and communicate amongst themselves, such participation shall constitute presence at a meeting as if those participating were present in person.

**Article 105**

Meetings of the Board of Directors shall only be held if more than half of the directors are present at the meeting.

Mandatory Provisions Article 93

Each director shall have one vote. Unless otherwise stipulated by laws, administrative regulations and the Articles of Association, the resolutions of the Board of Directors shall be passed by a simple majority of the directors.

In the event of equality of votes in favor of or against a resolution, the chairman of the Board of Directors shall have a casting vote.

A director shall not vote (or be counted in the quorum at a meeting) in relation to any resolution relating to any contract or arrangement or other proposal in which he has an interest which (taken together with any interest of any of his associates) is to his knowledge a material interest and, if he purports to do so, his vote shall not be counted, unless otherwise stipulated by laws, administrative regulations and relevant supervisory rules and regulations;

Company Law Article 125

Main Board Listing Rules Appendix 3 Article 4(1)

**Article 106**

Meeting of the Board of Directors shall be attended by the directors in person. If any director is unable to attend a meeting for whatever reason, he may appoint another director by a written power of attorney to attend the meeting of the Board of Directors on his behalf. The power of attorney shall set out the scope of authority.

Mandatory Provisions Article 94

A director appointed to attend the meeting on behalf of another director shall exercise the rights of a director within his scope of authority. If a director is unable to attend a meeting of the Board of Directors and has not appointed a representative to attend the meeting on his behalf, he shall be deemed to have waived his rights to vote at that meeting.



<b>Article 107</b>	<p>In relation to important matters that are to be determined by the Board, notices of meetings, together with sufficient information, shall be served on all the directors prior to the time limit set out in the Articles of Association and in strict compliance with the required procedures. Directors may demand further information. If more than one-quarter of the directors or more than two independent directors consider that the information required for the matters to be resolved is not sufficient or other reasons to the result that they cannot determine on such matters, they may jointly propose a postponement of the Board meeting or of the deliberation of some of the matters to be considered by the Board, and such proposal shall be accepted by the Board.</p> <p>The resolution of the Board of Directors in respect of the Company's connected transactions shall not become effective until each independent director has signed for the resolution.</p>	<p>Opinions on Further Standardizing Operations and Intensifying Reforms of Companies Listed Overseas Article 3</p> <p>Opinions on Further Standardizing Operations and Intensifying Reforms of Companies Listed Overseas Article 6</p>
<b>Article 108</b>	<p>When the Board of Directors accepts discussion on any motion in written form instead of holding a Board meeting, the draft of the motion shall be sent to each director by hand, post, telegraph or facsimile transmission. In addition, when the Board of Directors has sent the motion to all directors, and the number of the directors signed on the draft satisfies the quorum necessary for decision, and the motion has been sent to secretary to the Board by foregoing methods, such motion shall be deemed as the Board resolution.</p>	
<b>Article 109</b>	<p>The Board of Directors shall cause the matters resolved at the meeting to be recorded in the minutes of the meeting. The minutes of each Board meeting shall be provided to all directors as soon as possible for review. After receipt of the minutes of the Board meeting, directors who wish to make amendments and supplements to the records shall report such opinion in written form to the chairman of the Board within one week. After finalizing the minutes, the directors present at the meeting and the recorder shall sign on such minutes. The minutes of the director's meeting shall be maintained in the Company's office in China and a</p>	<p>Mandatory Provisions Article 95</p>

complete copy shall be dispatched to every director as soon as possible. The directors are liable for the resolutions passed at the meeting of the Board of Directors. If a resolution of the Board of Directors contravenes the laws, administrative regulations or these Articles of Association as a result of which the Company sustains substantial losses, the directors participating in the passing of such resolutions shall be liable to compensate the Company provided that if it can be proved that a director expressly objected to the resolution when the resolution was put to vote and that such objection was recorded in the minutes of the meeting, such director may be exempted from such liability.

**CHAPTER 11 Secretary to the Board of Directors of the Company**

**Article 110** The Company shall have one secretary of the Board of Directors. The secretary of the Board of Directors shall be a senior officer of the Company. Mandatory Provisions  
Article 96

**Article 111** The secretary of the Board of Directors of the Company shall be a natural person who shall have the necessary professional knowledge and experience and who shall be nominated by the chairman of the Board of Directors, appointed and dismissed by the Board of Directors. His principal duties are: Mandatory Provisions  
Article 97

- (1) to ensure that the Company will have a complete set of constitutional documents and records; to keep and administer the information of shareholders; to assist the directors in the day-to-day work of the Board of Directors, continuously provide the directors with, remind the directors of and ensure that the directors understand the laws, regulations, policies and requirements of the domestic and foreign regulatory authorities concerning operation of the Company and assist the directors and the President in performing their functions and exercising their powers in compliance with relevant domestic and foreign laws and regulations, the Articles of Association and other relevant regulations;
- (2) to organize and prepare for the Board meetings and shareholders' general meetings, to prepare

Working Guidelines  
for the Secretary to the  
Board of Directors for  
Companies Listed  
Overseas

Company Law Article  
124

- documents for such meetings, to make relevant arrangements for the meetings, to be responsible for taking minutes of the meeting, to ensure the accuracy of the minutes, to keep documents and minutes of the meeting and to actively learn about the implementation of relevant resolutions; to report and make recommendations to the Board of Directors on important implementation issues;
- (3) to ensure that important decisions of the Board of Directors will be implemented in strict compliance with the required procedures; at the request of the Board of Directors, to participate in, and organize the consultation and analysis of matters to be decided by the Board of Directors and provide relevant advice and recommendations thereon; to carry out the day-to-day work of the Board of Directors and its relevant committees upon authorization;
  - (4) to act as the contact person of the Company with securities regulatory authorities, to be responsible for the organization and preparation and timely submission of documents required by the regulatory authorities, to be responsible for undertaking and organizing completion of the tasks entrusted by the regulatory authorities;
  - (5) to be responsible for coordinating and organizing the Company's information disclosure matters, setting up a sound information disclosure system, participating in all meetings of the Company in relation to information disclosure, to gain in a timely manner knowledge of important business decisions and relevant information of the Company;
  - (6) to be responsible for keeping confidential price-sensitive information of the Company and formulating effective confidentiality rules and measures; in the event of the disclosure of any price-sensitive information of the Company for whatever reason, to take necessary remedial measures, make prompt explanation and clarification of such matters and notify the regulatory authority at the place of relevant overseas listing and the China Securities Regulatory Commission;
  - (7) to coordinate visits to the Company and to deal with the media; to be responsible for

coordinating and answering questions raised by the public, to deal with intermediaries, regulatory authorities and media as well as organizing the reporting of the same to the China Securities Regulator Commission;

- (8) to ensure that the register of shareholders of the Company is properly maintained and to ensure that persons entitled to receive such records and documents are provided with the relevant records and documents without delay.
- (9) to assist the directors and the President in implementing domestic and foreign laws, regulations, the Articles of Association and other relevant regulations while exercising their functions and powers; after becoming aware that any resolutions made or likely to be made by the Company are in breach of relevant regulations, to promptly give a reminder of such circumstances, and to have the right to report such facts to the China Securities Regulatory Commission and other regulatory authorities;
- (10) to coordinate the provision of necessary information to facilitate the Company's Supervisory Committee and other auditing institutions in performing their supervisory duties, and to assist in the investigations as to whether the Company's financial controller, directors and president have performed their fiduciary duties;
- (11) to exercise other functions and powers as conferred by the Board, as well as other functions and powers as required by where the shares of the Company are listed and the stock exchange.

**Article 112**

A director or any other senior officers (excluding the President and the financial supervisor) of the Company may concurrently hold the office of the secretary of the Board of Directors of the Company. An accountant of a firm of accountants retained as auditor by the Company and officers of controlling shareholders shall not concurrently act as the secretary of the Board of Directors of the Company.

If a director acts as the secretary of the Board of Directors and an act is required to be done by a director and the secretary of the Board of Directors separately, such person who is at the same time the

Mandatory Provisions Article 98

Working Guidelines for the Secretary to the Board of Directors for Companies Listed Overseas Article 6

Opinions on Further Standardizing Operations and Intensifying Reforms of

director and the secretary of the Board of Directors shall not perform such act in both capacities. Companies Listed Overseas Article 1

## **CHAPTER 12 Chief Executive of the Company**

**Article 113** The Company shall have one President who shall be appointed or dismissed by the Board of Directors. The Company shall have several Vice Presidents who shall be nominated by the President and appointed or dismissed by the Board of Directors. Directors may concurrently hold the office of President, Vice President or other senior officers. Mandatory Provisions Article 99

**Article 114** The President of the Company shall be accountable to the Board of Directors and shall perform the following functions: Mandatory Provisions Article 100

- (1) to be in charge of the production and business operation of the Company and to report to the Board of Directors;
- (2) to organize the implementation of the resolutions of the Board of Directors
- (3) to organize the implementation of the annual business plan and investment program of the Company;
- (4) to prepare plans for the Company's proposed annual financial budgets and final accounts; and make recommendation to the Board of Directors;
- (5) to prepare plans for the Company's conversion, division, restructuring and dissolution of its wholly owned subsidiaries and non-wholly owned subsidiaries;
- (6) to prepare plans for the establishment of the internal management structure of the Company;
- (7) to prepare plans for the establishment of the subsidiaries of the Company;
- (8) to prepare the basic management systems of the Company;
- (9) to formulate specific rules and regulations of the Company;
- (10) to propose the appointment or dismissal of the Vice President(s) and the financial supervisor of the Company to the Board of Directors;
- (11) to appoint or dismiss principal management personnel other than those required to be appointed or dismissed by the Board of Directors;

- (12) to prepare plans for the salaries, welfares and rewards and penalty for the staff of the Company, and to make decisions on the appointment or dismissal of the Company's staff;
- (13) to propose to convene an extraordinary Board of Directors meeting in the event of emergency;
- (14) to decide on the establishment of subsidiaries and representative offices of the Company's wholly owned subsidiaries and share holding subsidiaries;
- (15) to decide on matters relating to the Company's investment, finance, contracts or transaction within the scope authorized by the Board of Directors;
- (16) other functions and powers conferred by the Articles of Association and the Board of Directors.

Vice President(s) shall assist the President, and may exercise part of the President's functions and powers according to the President's entrustment.

**Article 115**

The Board of Directors confers the President the decision power on the following:

- (1) any single external investment of amount not more than 10% of the Company's latest audited net asset value (including any capital increase in relevant invested corporate), including investment in corporate establishment, capital increase and equity transfer or acquisition of such corporate;
- (2) any finance of amount not more than 20% of the Company's latest audited net asset value for a single banking credit facility of the Company's own, any finance of amount not more than 10% of the Company's latest audited net asset value for a single banking loan of the Company;
- (3) to decide on signing the Company's external business operating contracts;
- (4) other than the aforesaid authorization, to decide on the non-business operating contracts, transactions and arrangements of amount not more than 10% of the Company's audited net asset value in the previous year.

**Article**

The President may attend the meetings of the Board      **Mandatory Provisions**

- 116** of Directors, but the President, not being a director, shall not have the right to vote at the meetings of the Board of Directors. Article 101
- Article 117** In performing their duties, the President and the Vice President of the Company shall act in good faith and diligently according to laws, regulations and these Articles of Association. The President may not abuse his functions and powers to obtain bribes and other illegal income and misappropriate the property of the Company. Mandatory Provisions Article 102  
Company Law Article 148

### **CHAPTER 13 Supervisory Committee**

- Article 118** The Company shall establish a Supervisory Committee. The Supervisory Committee shall perform its supervisory duties faithfully in accordance with the law, administrative regulations and the Articles of Association. Mandatory Provisions Article 103
- Article 119** The Supervisory Committee shall comprise five supervisors, one of whom shall act as the chairman of the Supervisory Committee. The term of office of the supervisors shall be three years, after which the supervisors shall be eligible for re-election and re-appointment. The appointment and dismissal of the chairman of the Supervisory Committee shall be determined by a resolution passed by two-thirds or more of the members of the Supervisory Committee. Mandatory Provisions Article 104  
Circular of Supplemental Comments Article 5  
Main Board Listing Rules Appendix 13D Article 1(d)(i)
- Article 120** The Supervisory Committee shall include three shareholder representatives and two representatives of the staff and workers of the Company. The shareholder representatives shall be elected and dismissed by election in the shareholders' general meeting, while the representatives of the staff and workers of the Company shall be elected by the Company's staff and workers in a democratic way through the staff and workers representatives meeting, the staff and workers meeting or other manner. Mandatory Provisions Article 105  
Opinions on Further Standardizing Operations and Intensifying Reforms of Companies Listed Overseas Article 7  
Company Law Article 118 (2)
- External supervisors (those who do not assume any position within the Company, including shareholder representing supervisor(s), the same below) shall constitute more than half of the total number of supervisors. External supervisors are entitled to

independently report to the shareholders' general meeting on the integrity and fiduciary performance of the senior officers.

**Article 121** The Company's directors, President and Vice President(s) and other senior officers shall not at the same time act as supervisors. Mandatory Provisions Article 106

Company Law Article 118 (4)

**Article 122** The Supervisory Committee shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers: Mandatory Provisions Article 108

- (1) to examine the Company's financial affairs;
- (2) to supervise the directors and senior officers of their performance of duties; to propose the removal of the directors, the general manager or other senior officers who have violated any laws, administrative regulations, these Articles of Association or resolution of the shareholders' general meeting;
- (3) if an act of a director and senior officer is harmful to the Company's interests, to require him to correct such act;
- (4) to propose the holding of extraordinary general meetings and to preside over the shareholders' general meeting in the event that the Board of Directors fails to convene and preside over shareholders' general meeting in accordance with the Company Law;

Opinions on Further Standardizing Operations and Intensifying Reforms of Companies Listed Overseas Article 7

Company Law Article 54

- (5) to make proposals to the shareholders' general meeting;
- (6) to propose the holding of extraordinary board meetings;
- (7) to institute legal proceedings against directors and senior officers in accordance with Article 152 of the Company Law;
- (8) other functions and powers provided by the laws, administrative regulations and in these Articles of Association.

Supervisors shall attend meetings of the Board of Directors.

**Article 123** The Supervisory Committee shall convene a meeting at Company Law



least every six months and the meetings shall be convened by the chairman of the Supervisory Committee. Where the chairman of the Supervisory Committee is unable to or fails to perform the duty, a supervisor shall be elected by not less than half of the supervisors of the Supervisory Committee to convene and preside over the meeting.

Article 119  
Mandatory Provisions  
Article 107

Supervisors can propose to convene extraordinary meetings of the Supervisory Committee.

Staff of the Supervisory Committee shall give a written notice of the meeting bearing the chop of the supervisory committee 10 days or five days respectively before the meeting date. The notice of meeting shall be given to all supervisors by hand delivery, facsimile transmission, electronic mail or other means. If a notice is not given by hand delivery, a subsequent telephone call shall be made for confirmation and corresponding records shall be made.

In case of urgency and an extraordinary meeting of the supervisory committee is required to be convened as soon as possible, the notice of such meeting shall be given verbally or by telephone communication at any time provided that the convener of the meeting shall make relevant explanation at the meeting.

**Article 124**

Proceeding means of the Supervisory Committee: Resolutions of the committee shall be made by way of voting with one vote by each supervisor and by manner of recording name of voters and in writing.

Mandatory Provisions  
Article 109

Voting Procedure: Supervisors may cast affirmative,

opposing or abstention votes. Supervisors attending the meeting shall cast their vote from one of the above choices. Supervisors who do not cast a vote or cast two votes at the same time shall be asked to vote again by the chairman, if he refuses to vote again, he shall be regarded as having abstained. Supervisors who leave the meeting venue during the meeting without return and do not cast any votes, shall be regarded as having abstained.

Resolutions made by the committee shall be passed by more than two-thirds of all supervisors.

Circular of  
Supplemental  
Comments  
Article 6

The Supervisory Committee shall record all discussed items as minutes and the present supervisors shall sign their names herein. The supervisors have the right to require their speech on meetings to be given descriptive record therein. The meeting records of the Supervisory Committee shall be kept as files of the Company.

Main Board  
Listing Rules  
Appendix 13D  
Article 1(d)(ii)

**Article 125** To conduct investigations when the Company's operations are found unusual. Professional organizations including accounting firms or law firms can be engaged when necessary with the relevant costs to be borne by the Company. Mandatory Provisions Article 110

**Article 126** The supervisors shall perform supervisory duties faithfully in accordance with the law, administrative regulations and the Company's Articles of Association. Mandatory Provisions Article 111

**Chapter 14                      Qualifications and Obligations of the Directors, Supervisors, President and other Senior Officers of the Company**

**Article 127** A person may not serve as a director, supervisor, president      Mandatory

or other officer of the Company if any of the following circumstances apply:

Provisions  
Article 112

- (1) the person lacks civil capacity or such capacity is otherwise being restricted;
- (2) the person has been convicted of an offence of corruption, bribery, misappropriation or embezzlement of properties or violating the order of socialistic market and economy, and less than 5 years have elapsed since the expiration of the enforcement period; or the person has been deprived of political rights due to conviction and less than 5 years have elapsed since the expiration of the enforcement period;
- (3) the person is a former director or factory manager or manager of a company or an enterprise which has become insolvent and such person is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of completion of the insolvency and liquidation of such company or enterprise;
- (4) the person was the legal representative of a company or an enterprise whose business license has been revoked or, which has been ordered to close as a result of the violation of the laws and who was personally liable, where less than three years have elapsed since the date of revocation of the business license of such company or enterprise;
- (5) the person has a relatively large amount of personal indebtedness which is due and outstanding;
- (6) the person is under criminal investigation by the judicial authorities due to violation of criminal laws, where such investigation is still pending;
- (7) the person is prohibited by laws or administrative regulations from acting as a leader of an enterprise;
- (8) the person is a non-natural person;

(9) the person has been convicted of offences under the provisions of the relevant securities regulations by a relevant supervisory authority which involved fraud or dishonest acts and where less than five years have elapsed since the date of such conviction;

(10) any circumstances specified by the relevant laws and regulations of the place of listing of the company.

**Article 128** The validity of an act of a director, president and other officers of the Company acting on behalf of the Company as against a bona fide third party shall not be affected by any irregularities in the appointment, election or qualification of such person. Mandatory Provisions Article 113

**Article 129** In addition to the obligations imposed by laws, administrative regulations or the listing rules of any stock exchange on which the shares of the Company are listed, a director, supervisor, president and other senior officers of the Company shall owe a duty to each shareholder in respect of the following obligations in the exercise of the powers entrusted to him by the Company: Mandatory Provisions Article 114

(1) not to cause the Company to exceed the scope of business stipulated in its business license;

(2) to act faithfully and in the best interests of the Company;

(3) not to deprive the Company of its assets in any manner, including, but not limited to, not to usurp the opportunities beneficial to the Company;

(4) not to deprive the personal interests of the shareholders including, but not limited to, the rights to distribution and voting rights save and except pursuant to a restructuring of the Company submitted to the shareholders for approval in shareholders' general meeting in accordance with these

Articles of Association.

In exercising his rights or discharging his duties, the director, supervisor, president and other senior officers owes a duty to exercise the care, diligence and skill of a reasonable and prudent person acting under similar circumstances.

Mandatory  
Provisions  
Article 115

**Article 130** In discharging his duties, a director, supervisor, president and other senior officers of the Company shall observe the fiduciary principle and shall not put himself in a position where his personal interests and his duties may conflict. Such principle shall include but not be limited to, the undertaking of the following obligations:

- (1) to act honestly and in the best interests of the Company;
- (2) to exercise powers within, and not to exceed the scope of, his authority;
- (3) to exercise the discretionary power vested in him personally and not allow himself to act under the direction of another person and, unless and to the extent permitted by law or administrative regulations or with the informed consent of the shareholders given in shareholders' general meeting, not to delegate the exercise of his discretion;
- (4) to treat the shareholders of the same class equally and to treat the shareholders of different classes fairly;
- (5) unless otherwise provided herein or with the informed consent of the shareholders given in shareholders' general meeting, not to enter into contracts, transactions or arrangements with the Company;
- (6) without the informed consent of the shareholders given in shareholders' general meeting, not to use the property of the Company in any manner for his own benefit;

Mandatory  
Provisions  
Article 116

(7) not to exploit his position to accept bribes or other unlawful income and not to deprive the Company of its property in any manner, including, but not limited to, to usurp the opportunities beneficial to the Company;

(8) without the informed consent of the shareholders given in shareholders' general meeting, not to accept any commission in connection with the transactions of the Company;

(9) to abide by these Articles of Association, to perform his duties faithfully, to protect the interests of the Company, and not to pursue personal benefits by exploiting his position and authority in the Company;

(10) without the informed consent of the shareholders given in shareholders' general meeting, not to compete in any way with the Company;

(11) not to misappropriate the funds of the Company; not to deposit the assets of the Company in the accounts opened under his own name or the name of other persons; not to violate the provisions hereof and lend the funds of the Company to others without any consent of the shareholders' general meeting or the Board or not to use the assets of the Company as security for the liabilities of the shareholders of the Company or any other persons;

(12) without the informed consent of the shareholders given in shareholders' general meeting, not to disclose any confidential information of the Company acquired during his term of office; not to use the information other than in furtherance of the interests of the Company, provided that such information may be disclosed to a court or other governmental authorities under the following situations:

(i) disclosure is required by law;

(ii) disclosure is required in the public interest;

(iii) disclosure is required in the interests of such director, supervisor, president and other senior officers.

The amounts received by the directors, supervisors, president, and other senior officers in contravention of the above provisions shall belong to the Company; and shall indemnify against the losses sustained by the Company.”

**Article 131** A director, supervisor, president and other senior officers of the Company shall not cause any one of the following persons or organizations (“connected persons”) to do such acts which such director, supervisor, president and other senior officers are prohibited from doing: Mandatory Provisions Article 117

- (1) the spouse or the minor children of the director, supervisor, president and other senior officers;
- (2) a trustee of the director, supervisor, president and other senior officers or of the persons mentioned in paragraph (1) of these Articles;
- (3) a partner of the director, supervisor, president and other senior officers or of the persons mentioned in paragraphs (1) and (2) of these Articles;
- (4) companies actually and solely controlled by the director, supervisor, president and other senior officers, or companies actually and jointly controlled by the persons referred to in paragraphs (1), (2) and (3) of this Article or the director, supervisor, president, and other senior officers of the Company; and
- (5) the director, supervisor, president and other senior officers of the Company being controlled as mentioned in paragraph (4) of these Articles.

**Article 132** The fiduciary duties of a director, supervisor, president and other senior officers of the Company do not necessarily Mandatory Provisions

cease upon the expiry of his term of office. The obligations to keep the trade secrets of the Company confidential shall survive the expiry of his term of office. The continuance of other obligations shall be determined on a fair basis depending on the length of the time between its occurrence and his departure from office and the circumstances and the conditions under which his relation with the Company was terminated.

Article 118

**Article 133** The liability of a director, supervisor, president and other senior officers of the Company in respect of the breach of certain substantive obligations may be discharged with the informed consent by the shareholders given in shareholders' general meeting except for the circumstances provided for in Article 51 of these Articles of Association.

Mandatory Provisions Article 119

**Article 134** In the event that a director, supervisor, president and other senior officers of the Company are interested materially, directly or indirectly, in a contract, transaction or arrangement made or proposed to be made with the Company (except for the service contract of the director, supervisor, president and other senior officers with the Company), he shall disclose to the Board of Directors the nature and extent of his interest at the earliest opportunity, whether or not the relevant matters are subject to the approval by the Board of Directors in normal circumstances.

Mandatory Provisions Article 120

A director shall not vote on any board resolution approving any contract, trade or arrangement in which he has a material interest nor shall he be counted in the quorum present at the meeting.

Main Board Listing Rules Appendix 3 Article 4(1)

Unless the director, supervisor, president and other senior officers of the Company so interested has disclosed



such interest to the Board of Directors as required in this Article and the Board of Directors has approved the same in a meeting in which he has not been counted in the quorum and has refrained from voting, the Company shall have the right to revoke such contract, transaction or arrangement except as against a bona fide party without notice of the breach of the duty by the director, supervisor, president and other senior officers concerned.

If any connected person or any associate of a director, supervisor, president or other senior officers of the Company is interested in certain contracts, transactions or arrangements, such director, supervisor, president or other senior officers shall also be deemed as interested in the same.

**Article 135** If, before the Company first considers the entering into of the relevant contract, transaction or arrangement, a director, supervisor, president and other senior officers of the Company gives written notice to the Board of Directors, stating that by reasons of the facts contained in the notice, he, or any of his Associates, is interested in such contract, transaction or arrangement to be entered into by the Company subsequently, such director, supervisor, president and other senior officers shall be deemed to have made such disclosure as stipulated in the preceding Article of this Chapter to the extent as stated in the notice. Mandatory Provisions Article 121

**Article 136** The Company shall not in any manner pay taxes on behalf of any of its directors, supervisors, president and other senior officers. Mandatory Provisions Article 122

**Article 137** No loans and guarantees for loans shall be provided, Mandatory

directly or indirectly, by the Company to a director, supervisor, president and other senior officers of the Company or of its parent company, nor shall such loans or guarantee for loans be provided to the connected persons of the above-mentioned persons. Provisions Article 123

The provisions as aforesaid shall not apply to the following situations:

- (1) the Company provides loans or guarantee for loans to its subsidiaries;
- (2) the Company provides a director, supervisor, president or other senior officers under an employment contract approved by the shareholders' general meeting with a loan or guarantee for a loan or other funds to meet expenditure incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties; and
- (3) if the ordinary course of business of the Company includes the provision of loans and guarantees for loans, the Company may provide loans or guarantees for loans for the relevant director, supervisor, president and other senior officers and their connected persons provided that the terms of such loans or guarantees for loans should be on normal commercial terms.

**Article 138** If the provision of a loan made by the Company is in breach of the provisions of the preceding Article, the recipient of the loan should repay the same forthwith regardless of the terms of such loan. Mandatory Provisions Article 124

**Article 139** Guarantees for loans provided by the Company in breach of the provisions of paragraph 1 of Article 137 of these Articles of Association shall be unenforceable against the Company except under the following situations: Mandatory Provisions Article 125

- (1) at the time when the loans were made to the connected

persons of the director, supervisor, president and other senior officers of the Company or those of its parent company, the lender has no knowledge of the circumstances;

(2) the security provided by the Company has been legally sold by the lender to a bona fide purchaser.

**Article 140**        The guarantee referred to in the preceding Article shall include the assumption of obligations by the guarantor or the provision of property to secure the performance of obligations by the obligor.        Mandatory Provisions Article 126

**Article 141**        Where a director, supervisor, president or other senior officers of the Company is in breach of his obligations to the Company, the Company shall apart from the various rights and remedies provided by laws and administrative regulations be entitled to take the following measures:        Mandatory Provisions Article 127

(1) to demand the relevant director, supervisor, president or other senior officers pay damages for the losses sustained by the Company as a result of the dereliction of duties on his part;

(2) to revoke any contract or transaction made between the Company and the relevant director, supervisor, president or other senior officers, or any Associate of such persons, and a contract or transaction made between the Company and a third party (if such third party knows or should have known that the director, supervisor, president or other senior officers representing the Company are in breach of the obligations to the Company);

(3) to demand an account of the profits received by the relevant director, supervisor, president or other senior officers in breach of their obligations;

(4) to recover from the relevant director, supervisor,

president or other senior officers the monies which should have been received by the Company including, but not limited to, commissions received by them;

(5) to demand the return of the interest earned or that may be earned by the relevant director, supervisor or other senior officers from the monies which should have been payable to the Company; and

(6) to execute legal procedures judging that the interest of a director, supervisor, president or other senior officers earned through his breach of duty should belong to the Company.

**Article 142** The Company shall enter into a contract in writing with directors and supervisors of the Company in respect of remuneration, with the prior approval of the shareholders in shareholders' general meeting. The remuneration matters as aforesaid shall include: Mandatory Provisions Article 128

(1) the remuneration for acting as a director, supervisor or senior officers of the Company;

(2) the remuneration for acting as a director, supervisor or senior officers of a subsidiary of the Company;

(3) the remuneration for the provision of other services in the management of the Company or its subsidiaries; and

(4) the payment for compensation for loss of office or retirement of such directors or supervisors.

Except pursuant to the contract as aforesaid, no legal proceedings shall be instituted by a director or supervisor in respect of the benefits receivable by him in respect of the aforesaid matters.

The Company shall periodically disclose the remuneration package of directors, supervisors and senior officers to the Company Law Article 117

shareholders.

**Article 143** There shall be a provision in the contract in relation to remuneration made between the Company and a director or supervisor of the Company that the director or the supervisor of the Company shall be entitled to the compensation or other payments as a result of loss of office or retirement when the Company is to be taken over, provided that prior approval shall have been obtained at a shareholders' general meeting.

Mandatory Provisions Article 129

A takeover of the Company referred to above shall mean one of the following situations:

- (1) a takeover offer to all shareholders has been made by any person;
- (2) a takeover offer has been made by any person to enable the offeror to become the controlling shareholder. The meaning of "controlling shareholder" is the same as that defined in these Articles of Association.

In the event that the relevant director or supervisor does not comply with the provisions of this Article, any monies received by him shall belong to the persons who sold their shares as a result of their acceptance of the above-mentioned offer, and the expenses incurred in distribution of such monies on a pro rata basis shall be borne by such director or supervisor and such expenses shall not be deducted from such monies.

## **CHAPTER 15 Financial Accounting System**

**Article 144** The Company shall establish the financial accounting system of the Company in accordance with the laws, administrative

Mandatory Provisions

regulations and regulations formulated by relevant authorities of the state. Article 130

**Article 145** The accounting year of the Company is from 1 January to 31 December of each calendar year. Mandatory Provisions Articles 131 & 134

The Company shall prepare a financial report at the end of each accounting year and the same shall be audited in accordance with the law. Company Law Article 165(1)

Unless otherwise provided by laws, regulations or the listing rules of the place where the Company's stocks are listed, the financial report of the Company shall be prepared not only in accordance with the PRC accounting standards and laws and regulations, and/or in accordance with international accounting standards or the accounting standards of the place outside the People's Republic of China where the shares of the Company are listed.

If there are any material discrepancies in the financial reports prepared in accordance with the two accounting standards, such discrepancies shall be expressly stated in the notes of the financial report. For the purpose of the distribution of profits after taxation of the Company for the relevant accounting year, the lesser amount of profit after taxation stated in the said two financial reports shall prevail.

**Article 146** The financial report prepared by the Company in accordance with the relevant laws, administrative regulations and regulatory documents issued by local government or supervisory authorities shall be submitted by the Board of Directors of the Company to the shareholders at each annual general meeting. Mandatory Provisions Article 132

<b>Article 147</b>	No books of account other than those provided by law shall be established by the Company. The assets of the Company shall not be deposited in the accounts opened under anyone's own name.	Mandatory Provisions Article 137
<b>Article 148</b>	The annual financial statements of the Company shall be available for inspection by shareholders at the premises of the Company 20 days before the date of each Annual General Meeting. Every shareholder of the Company is entitled to receipt of the annual financial statements as mentioned in these Articles of Associations.	Mandatory Provisions Article 133  Circular of Supplemental Comments Article 7
	Copies of the aforesaid report shall be sent by prepaid post to each holder of overseas listed foreign invested shares at least 21 days prior to the shareholders' general meeting. The address of the recipient shall be the address recorded in the register of shareholders. Subject to the obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, copies of the aforesaid report may also be given by way of public announcement (including publishing on the website of the Company).	Main Board Listing Rules Appendix 3 Article 5
<b>Article 149</b>	The Company shall announce financial reports twice in each accounting year. The interim report shall be announced within three months after the first six months of an accounting year and the annual financial report shall be announced within four months after the end of the accounting year.	Mandatory Provisions Articles 135 & 136

## CHAPTER 16 Profit Distribution

<b>Article 150</b>	Profit Distribution Plans	Company Law Article 167
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When allocating the after-tax profits of the current year, the Company shall allocate 10% of its profit to the statutory common reserve fund. In the event that the accumulated statutory common reserve fund of the Company has reached more than 50% of the registered capital of the Company, no allocation is needed.

In the event that the statutory common reserve fund of the Company is insufficient to make up the losses of the Company on the previous year, before allocating the statutory common reserve fund and the statutory public welfare fund in accordance with the stipulations of the previous paragraph, the Company shall first make up the losses by using the profits of the current year.

After allocating the statutory common reserve fund and public welfare fund from the after-tax profits of the Company, the Company can allocate the arbitrary common reserve fund according to the resolution of shareholders' general meeting.

The remaining after-tax profits after making-up the losses and allocating the common reserve funds shall be distributed to shareholders in accordance with the proportion of shares held by the shareholders and subject to a resolution adopted at the shareholders' general meeting,

The shareholders in general meeting or the Board of Directors of the Company shall not pay any dividends to the shareholders before the Company has made up its losses and has made allocation to the statutory reserve fund. The dividends paid in breach of this Article shall be returned to



the Company.

No profit shall be distributed for any shares issued by the Company and held by the Company.

- |                    |  |  |
|--------------------|--|--|
| <b>Article 151</b> | Capital common reserve fund includes the following items:<br>(1) the amount of share premium arising from the issue of shares in excess of par value of shares;<br>(2) any other income designated for the capital common reserve fund by the regulations of the finance regulatory department of the State Council.   | Mandatory Provisions Article 138                 |
| <b>Article 152</b> | The common reserve fund of the Company shall be applied for compensating the losses, expanding the production operations or converting the common reserve fund into the capital of the Company but the capital common reserve fund shall not be used to compensate the Company's losses.<br><br>When the statutory common reserve fund is converted into the capital of the Company, the remaining of such common reserve fund shall not be less than 25% of the Company's registered capital prior to the conversion. | Company Law Article 169                          |
| <b>Article 153</b> | The Company may distribute dividends in the following forms (or adopt both forms simultaneously):<br>(1) Cash;<br>(2) share certificates.  | Mandatory Provisions Article 139                 |
| <b>Article 154</b> | Any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of such share to the dividend subsequently declared.   | Main Board Listing Rules Appendix 3 Article 3(1) |
| <b>Article 155</b> | The Company shall appoint receiving agents for holders of the overseas-listed foreign-invested shares. Such receiving  | Mandatory Provisions                             |

agents shall receive on behalf of the holders of the overseas-listed foreign-invested shares dividends declared and all other monies owed by the Company in respect of the overseas-listed foreign-invested shares and hold the amount received as aforementioned in trust for and pending payment to the holders of such securities.

Article 140

The receiving agents appointed by the Company shall meet the relevant requirements of the laws of the place at which the stock exchange on which the Company's shares are listed or the relevant regulations of such stock exchange.

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

Circular of  
Supplemental  
Comments  
Article 8

Subject to the relevant laws and regulations of the PRC, 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.

Main Board  
Listing Rules  
Appendix 13D  
Article 1(c)

The Company has the right to terminate the distribution of dividend warrants to holders of overseas-listed foreign-invested shares by mail, provided that such right shall not be exercised until the dividend warrants have not been cashed for two consecutive occasions. However, where the dividend warrant is undelivered to the addressee and returned for the first time, the Company may also exercise such right.

Main Board  
Listing Rules  
Appendix 3  
Articles 13(1)  
& (2)

The Company has the right to sell, in such manner as the

Board thinks fit, any shares of an overseas-invested foreign shareholder who is untraceable, subject to and conditional upon:

(1) the Company has distributed dividends for at least 3 times to such shares within 12 years, but none of such dividends was claimed;

(2) The Company, after the termination of 12 years, made the public announcement on the newspaper(s) at the jurisdiction where the Company is listed, stating its intention to sell such shares, and notified the stock exchange on which such shares are listed.

**Article 156** Cash dividends and other amounts distributed to shareholders of domestic-Invested shares are paid in Renminbi. Cash dividends and other amounts distributed to shareholders of overseas-listed foreign-invested shares are denominated and announced in Renminbi and paid in Hong Kong dollars. Necessary foreign currencies for payment of cash dividends and other amounts to shareholders of overseas-listed foreign-invested shares are dealt with according to the requirements of the State on foreign exchange management.

**Article 157** Unless otherwise specified in the relevant laws and administrative regulations, the exchange rate of cash dividends and other amounts paid in Hong Kong dollars shall be the average selling price of foreign exchange announced by the People's Bank of China a week before the date of announcement of dividends and other amounts.

#### **CHAPTER 17 Appointment of Accounting Firm**

**Article 158** The Company shall appoint an independent accounting firm which is qualified according to the relevant requirements of the State for the purpose of auditing the annual financial report and reviewing other financial reports of the Company. Mandatory Provisions Article 141

The first accounting firm of the Company may be appointed by the inaugural meeting of the Company before the first annual general meeting and the accounting firm so appointed shall

hold office until the conclusion of the first annual general meeting.

- Article 159** The accounting firm appointed by the Company shall hold office from the conclusion of the last annual general meeting until the conclusion of the next annual general meeting. Mandatory Provisions Article 142
- Article 160** The accounting firm appointed by the Company shall have the following rights:  
(1) to inspect the books and accounts, records or evidence of the Company at any time and to require directors, president or other senior officers of the Company to provide the relevant information and explanation;  
(2) to require the Company to take all reasonable steps to obtain from its subsidiaries information and explanation which are necessary for such accounting firm to carry out its duties;  
(3) to attend meetings of shareholders and receive notice of meeting and other information related to such meeting which any shareholder is entitled to receive and speak at any meeting of shareholders about the matters related to its role as the accounting firm of the Company.  
Mandatory Provisions Article 143  
Company Law Article 171
- The Company shall guarantee to provide to the employed certified accountant office true and complete accountant certificates, accountant books, financial statements and other relevant documents, with refusal, concealment and false report forbidden.
- Article 161** If the office of the accounting firm becomes vacant, the Board of Directors shall, before convening of the shareholders' general meeting, have the right to appoint an accounting firm to fill such vacancy provided that if there is another accounting firm in office for the Company during the period of such vacancy, such accounting firm may continue to act. Mandatory Provisions Article 144
- Article 162** The shareholders in shareholders' general meeting may by ordinary resolution remove an accounting firm prior to the expiration of its term of office notwithstanding anything contained in the contract entered into between the accounting firm and the Company but without prejudice to the right of the accounting firm to claim damages against the Company for such removal. Mandatory Provisions Article 145

<b>Article 163</b>	The remuneration or the manner in which such remuneration shall be determined shall be decided by the shareholders in shareholders' general meeting.	Mandatory Provisions Article 146
<b>Article 164</b>	The decisions of the Company to appoint, dismiss or not to re-appoint an accounting firm shall be made by the shareholders in shareholders' general meeting and shall be put on file with the securities regulatory authorities of the State Council.  The shareholders' general meetings shall abide by the following provisions when proposing to pass a resolution regarding the appointment of an accounting firm not currently serving the Company to fill the vacancy of auditor, or the dismissal of an accounting firm before the expiry of its term:  (1) The proposal in relation to the appointment or dismissal shall be sent prior to the issue of notice of shareholders' general meeting to the accounting firm to be appointed, the accounting firm to be dismissed or the accounting firm which has left its post during the accounting year.  "Leaving" includes dismissal, resignation and retirement.  (2) In the event that the accounting firm about to leave office makes a statement in writing and requests the Company to inform shareholders of such statement, unless the Company receives the statement too late, the Company shall adopt the following measures: i. state on the notice issued for adoption of the resolution that the accounting firm about to leave its post has made a statement; and ii. submit the copy of the statement as an appendix to the notice to the shareholders in the manner stipulated in the Articles of Association.  (3) In the event that the statement of the accounting firm has not been dispatched in accordance with the provisions in paragraph (2) of this Article, the accounting firm concerned may request such statement to be read at the shareholders' general meeting, and may make a further appeal.  (4) The accounting firm leaving its post shall have the right to attend the following meetings: i. the shareholders' general meeting at which its term of service would otherwise have expired; ii. the shareholders' general meeting at which it is proposed to fill the vacancy caused by its dismissal;	Mandatory Provisions Article 147  Circular of Supplemental Comments Article 9  Main Listing Appendix Article 1(e)(i)  Board Rules 13D

iii. the shareholders' general meeting convened as a result of its voluntary resignation.

The accounting firm leaving service shall have the right to obtain all notices of meeting of the aforementioned meetings and other information relating to such meetings; it shall also be entitled to present its views at the aforementioned meetings on matters in relation to such meetings; it shall also be entitled to present its views at the aforementioned meetings on matters in relation to its previous engagement as the accounting firm of the Company.

**Article 165**

When the Company dismisses or does not re-appoint an accounting firm, it shall give advance notice to the accounting firm. The accounting firm shall have the right to make presentations at the shareholders' general meeting. Where the accounting firm resigns, it shall state in the shareholders' general meeting whether or not there are irregularities in the Company.

Mandatory Provisions Article 148

Circular of Supplemental Comments Article 10

(1) An accounting firm may resign its office by depositing at the Company's legal address a resignation notice. Such notice shall become effective on the date of such deposit or on such later date as stipulated in such notice. Such notice shall contain the following statements:

Main Board Listing Rules Appendix 13D Article 1(e)(ii)

i. a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or

ii. a statement of any such circumstances.

(2) Where a notice is deposited under paragraph 1 of this Article, the Company shall within 14 days send a copy of the notice to the relevant governing authority. If the notice contains a statement in respect of paragraph 1(ii) of this Article, a copy of such statement shall be made available at the Company for shareholders' inspection and the Company shall send a copy of such statement by prepaid mail to every shareholder of overseas-listed foreign shares at the address registered in the register of shareholders. Subject to the laws, administrative regulations and the listing rules of the stock exchange on which the Company's shares are listed, the notice may also be given by way of public announcement (including publishing on the website of the Company).

Main Board Listing Rules Article 1(e)(iii)

(3) Where the accounting firm's notice of resignation contains a statement in respect paragraph 1(ii) of this Article, it may require the Board of Directors to convene a shareholders'

Main Board Listing Rules Appendix 13D Article 1(e)(iv)

extraordinary general meeting for the purpose of receiving an explanation for the circumstances connected with its resignation.

## **CHAPTER 18 Notice**

**Article 166** The Company's notices shall be issued in the following form:

- (1) by hand;
- (2) by post;
- (3) by facsimile or email;
- (4) subject to the provisions stipulated by the laws, administrative regulations and listing rules of the listing place's stock exchange, make announcement on the websites specified by the Company and the Hong Kong Stock Exchange;
- (5) by way of notice;
- (6) by other forms agreed by the Company or the notified person in advance or recognized by the notified person after the receipt of notice;
- (7) other forms recognized by the relevant regulatory authorities of the listing place or stipulated by these Articles of Association.

Main Board  
Listing Rules  
Appendix 3  
Article 7(1)

Unless otherwise stated, the "notice" referred to in these Articles of Association, regarding the notices issued to shareholders of domestic invested shares or notices that have to be issued within the China territory in accordance with relevant provisions and these Articles of Association, means to publish notices by advertisement on newspapers in China, and the related newspapers shall be those stipulated by the PRC laws, administrative regulations or those specified by the Securities Regulatory Commission of the State Council; regarding those notices issued to shareholders of foreign invested shares or notices that have to be issued in Hong Kong according to the relevant regulations and these Articles of Association, they shall be issued as required by the Main Board Listing Rules.

**Article 167** Unless otherwise specified in these Articles of Association, the issuing of notices by ways as stated in the preceding Article are applicable to the issuing of notices about the convention of the Company's shareholders' general meeting, Board of Directors meeting and Supervisory Committee meeting.

**Article 168** If the notice of the Company is issued by hand, the date when the recipient signed (or stamped) the receipt shall be regarded as the date of service of notice; if the notice of the Company is issued by mail, the same shall be regarded as the date of service of notice after 48 hours; if the notice is issued by way of facsimile, email or announcement made on websites, the date of service shall be the issuing date; if the notice is issued by public announcement, the date of the first publication of the announcement shall be regarded as the date of service of the announcement. Such notices shall be published in such manners as stipulated in the laws, administrative regulations and listing rules of the Company's listing place.

**Article 169** If the listing rules of the listing place's stock exchange require the Company to send, post, deliver, issue, announce or provide by other means the Company's relevant documents in English and Chinese, in the event that the Company has already made arrangements to ascertain whether its shareholders want to receive just the English or Chinese copy, and within and according to the applicable laws and regulations, the Company may (according to the indication made by the shareholders) just send the English or Chinese version to the shareholders.

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

**Article 170** A proposal for merger or division of the Company shall be proposed by the Board of Directors of the Company, and shall be passed according to the procedures stipulated by the Company's Articles of Association and relevant approval formalities shall be handled according to the laws. Shareholders who object to the proposal for merger or division of the Company shall be entitled to require the Company or the shareholders who consent to the proposal for merger or division of the Company to purchase their shares at a fair price. The contents of the resolutions of merger or division of the Company shall be compiled as a special document for inspection by the shareholders.

Mandatory Provisions Article 149

The document mentioned above shall be delivered by post to the shareholders of overseas-listed foreign invested shares. Subject to the laws, administrative regulations and the listing rules of the stock exchange on which the Company's shares are listed, the document may also be given by way of public announcement (including publishing on the website of the Company).



<b>Article 171</b>	<p>The merger of the Company may take the form of merger by acquisition or merger by new establishment.</p> <p>In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and assets lists. The Company shall notify its creditors within a period of 10 days commencing from the date on which the resolutions approving the merger are passed and, within 30 days, make in newspapers announcements of the merger. The creditors may, within 30 days after receiving the notices or within 45 days after the issuance of the announcements if no notice is received, demand the Company to clear off their debts or to provide corresponding guaranties.</p> <p>When the Company is merged, the surviving company or the newly established company by the merger shall succeed to the claims and debts of each party to the merger.</p>	<p>Mandatory Provisions Article 150 Company Article 173</p> <p>Company Article 174</p>	<p>Law</p> <p>Law</p>
<b>Article 172</b>	<p>When the Company is divided, its assets shall be divided correspondingly.</p> <p>When the Company is divided, the Company shall prepare a balance sheet and assets list. The Company shall notify its creditors within a period of 10 days commencing from the date on which the division resolution is passed and, within 30 days, make newspaper announcements of the division.</p> <p>With the exception of having entered into a written agreement with the creditor regarding the repayment of debt prior to the division, the liabilities of the Company prior to the division shall be undertaken by the companies after such division.</p>	<p>Mandatory Provisions Article 151</p> <p>Company Article 177</p>	<p>Law</p> <p>Law</p>
<b>Article 173</b>	<p>In the event of a merger or division of the Company, alterations in the registered matters of the Company shall be registered at the company registration authorities in accordance with the law; in the event of a dissolution of the Company, the cancellation of registration shall be made in accordance with the law; in the event of the setting up of a new company, the registration of incorporation thereof shall be made in accordance with the law.</p> <p><b>CHAPTER 20    Dissolution and Liquidation of the Company</b></p>	<p>Mandatory Provisions Article 152</p>	
<b>Article 174</b>	<p>Dissolution of the Company due to the following events: (1) a special resolution is passed by the shareholders in shareholders' general meeting to dissolve the Company;</p>	<p>Mandatory Provisions Article 153</p>	

(2) dissolution of the Company is necessary due to a merger or division of the Company;

(3) suspension of operating license, closure or repeal of the Company in accordance with the law;

(4) closure of the Company in accordance with the law as a result of its contravention of laws or administrative regulations;

(5) shareholders holding over 10% of the Company's entire shareholders' voting right may request the People's court to dissolve the Company in case no alternatives are provided to solve the extreme difficulties in the Company's operation and management which could bring considerable losses to the shareholders' interest.

Company Law  
Articles 181 &  
183

**Article 175**

In the event that the Company is dissolved under the provisions of paragraphs (1), (3) and (5) of Article 174 of the Articles of Association, a liquidation committee shall be set up within 15 days from the event of dissolution to proceed with the liquidation, the members of which shall be determined by the directors or as decided in a shareholders' general meeting; if no liquidation committee is set up on time to proceed with the liquidation, the creditors may apply to the People's Court to designate relevant personnel for setting up the liquidation committee to proceed with the liquidation.

Mandatory  
Provisions  
Article 154

Company Law  
Article 184

**Article 176**

In the event that the Board of Directors decides to liquidate the Company (except for liquidation as a result of the declaration of insolvency by the Company), it shall specify in the notice convening the shareholders' general meeting for such purpose that the Board of Directors has made a full inquiry of the affairs of the Company and is of the opinion that the Company will be able to pay all its debts within 12 months upon commencement of liquidation.

Mandatory  
Provisions  
Article 155

Upon the passing of the liquidation resolution at the shareholders' general meeting, the duties of the Board of Directors of the Company shall immediately cease.

The liquidation committee shall comply with the directions of the shareholders in shareholders' general meeting, report to the shareholders in shareholders' general meeting at least once a year in respect of the income and expenditure of the liquidation committee, the business of the Company and the progress of the liquidation and submit the final report to the shareholders in shareholders' general meeting when the liquidation is completed.

**Article 177**

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

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Provisions

- (1) to dispose of the properties of the Company, to prepare a balance sheet and list of assets respectively;
- (2) to give notice or make announcement to the creditors;
- (3) to deal with and liquidate the uncompleted business of the Company related to the liquidation;
- (4) to settle payment of all taxes due and taxes generated from the liquidation;
- (5) to settle debts and indebtedness;
- (6) to deal with the assets remaining after settlement of debts by the Company;
- (7) to represent the Company in any civil proceedings.

**Article 178** The liquidation committee shall notify the creditors within 10 days of its establishment and announce the same in the newspapers within 60 days. The creditors shall, within 30 days after receiving the notices or within 45 days after the issuance of the announcements if no notice is received, declare their credits to the liquidation committee. The liquidation committee shall record the declared credits in accordance with laws.

Mandatory Provisions Article 156  
Company Law Article 185

The creditors shall provide explanation and evidence to relevant items when declaring their bonds. The liquidation committee shall register all creditors' claims.

During the bond declaration period, the liquidation committee shall not make repayment to the creditors.

**Article 179** After the assets of the Company have been disposed of and the balance sheet and list of assets have been completed, the liquidation committee shall prepare a liquidation plan and submit the same to the shareholders' general meeting or the relevant supervisory authorities for confirmation.

Mandatory Provisions Article 158

The assets of the Company shall be settled in the following order: liquidation expenses, paying wages, labor insurance contributions, and statutory compensation to the employees of the Company, taxes owed by the Company and settling the debts of the Company.

The remaining assets of the Company after settlement in accordance with the provisions aforesaid shall be distributed to the shareholders of the Company in accordance with the class and proportion of shares held by them.

During the liquidation period, no business activities irrelevant to liquidation shall be commenced by the Company. None of the properties of the Company may be distributed to any

Company Law Article 186

shareholder before they are used for debt payoff as described in the preceding paragraphs.

**Article 180** If the liquidation committee, after the disposal of the assets of the Company and preparation of the balance sheet and list of assets, discovers that the assets of the Company are insufficient to settle the debts, it shall forthwith make an application to the People's Court for a declaration of insolvency. Mandatory Provisions Article 159

After the declaration of insolvency by the People's Court, the liquidation committee shall transfer the liquidation matters to the People's Court.

**Article 181** Upon the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report and statement of income and expenditure and the financial accounts for the liquidation which, upon verification by an accountant registered in China, shall be submitted to the shareholders' general meeting or the People's court for confirmation. The liquidation committee shall submit within 30 days after the confirmation by the shareholders' general meeting or the People's court the documents mentioned above to the company registration authorities and apply for the cancellation of the registration of the Company and announce the termination of the Company. Mandatory Provisions Article 160

## **CHAPTER 21 Procedures for Amendment to the Articles of Association of the Company**

**Article 182** The Company may amend these Articles of Association pursuant to laws, administrative regulations and the provisions of these Articles of Association. Mandatory Provisions Article 161

**Article 183** Amendment to the Company's Articles of Association shall follow the following procedures:

(1) The Board of Directors shall pass the resolution of amendment to the Articles of Association and prepare a proposal for the amendment of the Articles of Association;

(2) The Board of Directors shall call for a shareholders' general meeting where the shareholders shall vote for the amendment to the Articles of Association;

(3) A special resolution for amendment to the Articles of Association shall be adopted in a shareholders' general meeting;

(4) The amendment to the Articles of Association voted by the shareholders' general meeting shall be effective after the Company obtains approval from the examination and approval

authority.

(5) The amended Articles of Association shall be put on file to the company's registration authority.

**Article 184** The amendments to these Articles of Association which involve the contents of the *Mandatory Provisions for the Articles of Association of the Company to be Listed Overseas* shall be effective upon the approval of the same by the examination and approval authorities of companies authorized by the State Council and the Securities Commission of the State Council. If the amendments involve the registered items of the Company, the Company shall apply for registration of changes in the registered items in accordance with the law.

Mandatory Provisions Article 162

## **CHAPTER 22 Dispute Resolution**

**Article 185** The Company shall comply with the following rules of dispute resolution:

(1) Whenever any disputes or claims relating to the affairs of the Company arise from the rights and obligations provided for in these Articles of Association, the Company Law and other relevant laws and administrative regulations, between the shareholders of overseas-listed foreign invested shares and the Company, between the shareholders of overseas-listed foreign invested shares and the directors, supervisors, presidents or other senior officers of the Company, between the shareholders of overseas-listed foreign invested shares and shareholders of domestic invested shares, the parties involved shall refer such disputes or claims to arbitration for resolution.

Mandatory Provisions Article 163

Circular of Supplemental Comments Article 11

The disputes or claims mentioned above which are referred to arbitration shall be the entire disputes and claims; all persons having 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 the disputes or claims, shall abide by the arbitration provided that they are the Company, shareholders, directors, supervisors, president or other senior officers of the Company.

Disputes over the identification of shareholders and over the register of shareholders need not be resolved through arbitration.

(2) The party seeking arbitration may elect to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission according to its arbitration rules or by the Hong Kong International Arbitration Center

according to its securities arbitration rules. Once the party seeking arbitration submits a dispute or claim to arbitration, the other party shall submit to the arbitral body selected by the party seeking the arbitration.

If the party seeking arbitration elects to arbitrate at the Hong Kong International Arbitration Center, either party may apply to have such arbitration conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Center.

(3) The laws of the People's Republic of China (excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan area) shall govern the arbitration of disputes or claims described in paragraph (1) unless otherwise provided by laws and administrative regulations.

(4) The ruling of the arbitral body shall be final and binding on the parties thereto.

## **CHAPTER 23 Supplementary Provisions**

- Article 186** For the purpose of the Articles of Association, the term "accounting firm" shall have the same meaning as an "auditor".
- For the purpose of the Articles of Association, the term "effective controlling person" refers to individuals who are not shareholders of the Company but exercise control over the activities of the Company through investment relationship, agreements or other arrangements.
- For the purpose of the Articles of Association, the terms "above", "within" and "below" are all inclusive terms while the terms "more than" and "beyond" are exclusive terms.
- Article 187** These Articles of Association shall be written in Chinese. If there is any discrepancy between other versions and the Chinese version, the Chinese version shall prevail.
- Article 188** The right to interpret these Articles of Association rests with the Board of Directors of the Company only, and matters not covered herein shall be submitted by the Board of Directors for resolution in a shareholders' general meeting.

Mandatory Provisions Article 165

Company Law Article 217(3)