



**长城汽车股份有限公司**  
Great Wall Motor Company Limited

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**Articles of Association**

**of**

**Great Wall Motor Company Limited**

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Note:

In the marginal notes of these Articles of Association:

“Mandatory Provisions” refers to Mandatory Provisions for Articles of Association of Companies to be Listed Overseas jointly promulgated by the former Securities Commission of the State Council of China and the former State Commission for Restructuring the Economic Systems of China;

“Listing Rules” refers to the Listing Rules published by The Stock Exchange of Hong Kong Limited;

“ZhengJianHaiHan” refers to the Opinion Regarding the Supplemental Amendments to the Articles of Association of Companies to be Listed in Hong Kong (ZJHH[1995] No. 1) jointly promulgated by the Overseas Listing Department of China Securities Regulatory Commission and the Production System Department of the former State Commission for Restructuring the Economic Systems of China;

“the Opinion” refers to the Opinion on Further Standardizing Operations and Intensifying Reform of Companies Listed Overseas jointly promulgated by State Economic and Trade Commission and China Securities Regulatory Commission; and

“Working Guidelines for the Secretary” refers to the Working Guidelines for the Secretary to the Board of Directors for Companies Listed Overseas promulgated by China Securities Regulatory Commission; the Guidelines for Articles of Association of Listed Companies (2006 revised) (hereinafter referred to as the “Guidelines for AOA”).

**Articles of Association  
of  
Great Wall Motor Company Limited**

**Chapter 1 General Provisions**

Article 1

These Articles of Association (or “the Articles of Association”) are formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Special Regulations of the State Council on Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the “Special Regulations”), the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (the “Mandatory Provisions”), the Guidelines for Articles of Association of Listed Companies (2006 revision) (the “Guidelines for the Articles”) and other relevant provisions, for the purpose of safeguarding the legitimate rights and interests of the Company, its shareholders and creditors and regulating the organization and activities of the Company.

Article 2

Great Wall Motor Company Limited (the “Company”) is a joint stock limited company established in accordance with the Company Law, the State Council’s Special Regulations on Overseas Offering and Listing of Joint Stock Limited Company (the “Special Regulations”), and other relevant laws and administrative regulations.

The Company, which was approved by the Ji Gu Ban [2001] 46 and Ji Gu Ban [2001] 62 on 25 April, 2001, was registered with the Hebei Industry and Commerce Administration, and obtained the business licence on 12 June, 2001.

The business licence number of the Company: 130000400000628

The founders:

(1) The Management Center of Collective Assets of Nandayuan Town

Registered country: The People's Republic of China  
Registry number: 1306041401176  
Address: Room 210, Government Building, Nanda Yuan Xiang,  
Nanshi District, Baoding, Hebei Province, China.  
Legal Representative: Liu Pingfu  
Nationality of the Legal Representative: The People's Republic of China

(2) Wei Jianjun

Personal ID: 130604640308121  
Address: No. 94, Shizhuang Street, Nanshi District, Baoding,  
Hebei Province.

(3) Wei Deyi

Personal ID: 130604421022121  
Address: No. 94, Shizhuang Street, Nanshi District, Baoding,  
Hebei Province.

(4) Chen Yuzhi

Personal ID: 130604451211124  
Address: No. 94, Shizhuang Street, Nanshi District, Baoding,  
Hebei Province.

(5) Han Xuejuan

Personal ID: 130604660101032  
Address: No. 94, Shizhuang Street, Nanshi District, Baoding,  
Hebei Province.

Article 3

The Chinese registered name of the Company is: 长城汽车股份有限公司

The English name of the Company is: GREAT WALL MOTOR COMPANY  
LIMITED

#### Article 4

Address of the Company: 2266 Chao Yang Road South, Baoding, Hebei Province, the PRC.  
Postal code: 071000  
Tel number: (0086) 0312-2197812 / (0086) 0312-2197813  
Fax number: (0086) 0312-2197812

#### Article 5

The Company's legal representative is the Chairman of the Board of Directors of the Company.

#### Article 6

The Company is an independent legal person under the jurisdiction and protection of the laws and administrative regulations of the People's Republic of China.

The Company is a joint stock limited company that has perpetual existence.

#### Article 7

The original Article of Association has come into effect since the establishment of the Company.

These Articles of Association shall come into effect after it is approved by the special general meeting of the Company and the companies approval authority authorized by the State Council. Upon its coming into effect, it shall supersede the Previous Articles of Association of the Company.

From the date on which the Company's Articles of Association come into effect, the Company's Articles of Association shall constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders.

#### Article 8

The Articles of Association shall be binding on the Company and its shareholders, directors, supervisors, general manager, deputy general manager and other senior

officers of the Company; all of whom are entitled, in accordance with the Articles of Association, to make suggestions with respect to the affairs of the Company.

Pursuant to the Articles of Association, a shareholder may take action against the Company; the Company may take action against any of its shareholders, directors, supervisors, managers and other senior officers; and a shareholder may also take action against another shareholder, any director, supervisor, manager and other senior officer of the Company.

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

“Other senior officer(s)” referred to in the preceding paragraph include deputy general managers, the secretary of the Board of Directors and the chief financial officer of the Company.

#### Article 9

The Company may invest in other limited liability companies or joint stock limited companies. The Company’s liability to an invested company shall be limited to the amount of its capital contribution to the invested company.

The Company shall not become a shareholder with unlimited liability of other non-profit-making bodies.

Upon the approval of the companies approval authority authorized by the State Council, the Company may, according to its operating and management needs, operate as a holding company as prescribed in the second paragraph of Article 12 of the Company Law.

#### Article 10

The Company’s entire capital is divided into shares of equal value and shareholders shall be liable to the company to the extent of the shares held by them. The company is liable for the debts of the company with all its assets.

## Chapter 2 The Company's Objectives and Scope of Business

### Article 11

The Company's objectives are: Pursuant to the requirement of modern enterprise system and the operating mode of joint stock company, based on the Company's advantage of operating, developing and marketing, and by utilizing all the favourable factors, to promote the comprehensive strength of the Company, to further broaden the international and domestic markets, to exercise advanced scientific management, to meet the needs of the market, to improve the efficiency of its production and operation, and therefore to realize the best return to the Company's shareholders as well as to make contribution to the development of the national automobile industry as well.

### Article 12

The Company's scope of business shall be consistent with and subject to that approved by the authority responsible for company registrations.

The Company's scope of business is as follows: manufacturing of automobiles and components thereof; production, development, design, research and development and technical services, processing agency and sale of accessories and provision of after-sale services and consultation services thereof; information technology services; manufacturing of electronic and mechanical equipments (except for those restricted or prohibited by the State from foreign investment and those with special limitations); processing and manufacturing of moulds; design, production and sale of cast iron and steel components and provision of related after-sales services; repair and maintenance of automobiles; general cargo freight transportation and special transportation; storage and logistics (a licence is required for operation in the event of an administrative permit involved); export of components and accessories of automobiles manufactured and purchased by the Company; import and export of goods and techniques (excluding those distributed and operated exclusively by the State and except for those restricted by the State); leasing out self-owned buildings and equipment.



### **Chapter 3 Shares and Registered Capital**

#### Article 13

There must, at all times, be ordinary shares in the Company; the Company may arrange other types of shares according to the needs of the Company, upon the approval of the company approval authority authorized by the State Council.

#### Article 14

The shares issued by the Company shall each have a par value of Renminbi one (1) yuan.

“Renminbi” referred to in the preceding paragraph means the lawful currency of the PRC.

#### Article 15

The shares of the Company shall be issued based on the principles of openness, fairness and equity, and shall rank *pari passu* among each other in the same class. The terms and price of issue of the same class of shares in one issuance shall be the same and the same price shall be paid by any institution or individual for each share subscribed.

#### Article 16

Subject to the approval by the securities regulatory authority under the State Council, the Company may issue shares to Domestic Investors and Foreign Investors.

“Foreign Investors” means those investors who subscribe for the shares of the Company and who are located in foreign countries and in the regions of Hong Kong, Macau and Taiwan. “Domestic Investors” means those investors who subscribe for the shares of the Company and who are located within the territory of the PRC (excluding the regions of Hong Kong, Macau and Taiwan).

#### Article 17

Shares issued by the Company to Domestic Investors for subscription in Renminbi shall be referred to as the “Domestic Shares”. Domestic Shares listed domestically are

called the “A Shares”. Shares issued by the Company to Foreign Investors for subscription in foreign currencies shall be referred to as the “Foreign Shares”. Foreign Shares listed overseas are called “Overseas-Listed Foreign Shares” (or the “H Shares”).

The aforementioned “foreign currencies” means the lawful currencies of other countries or regions which are recognised by the State’s foreign exchange authority and which can be used to pay the share purchase price to the Company other than the Renminbi.

Those Overseas-Listed foreign Shares issued by the Company upon the approval of relevant regulatory authorities of China, which are listed on the Hong Kong Stock Exchange, the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars, shall be referred to as “H Shares”.

The A shares of the Company shall be held in central custody at the Shanghai branch of China Securities Depository and Clearing Corporation Limited. The H Shares of the Company shall be held in custody at an authorised depository company or by a shareholder in his own name under the Hong Kong Securities Clearing Company Limited.

#### Article 18

Upon corporation, the Company issued to its promoters 170,500,000 shares at the initial public offering, of which, 75,020,000 domestic shares were held by the Management Center of Collective Assets of Nandayuan Town, Nanshi District, Baoding, 78,430,000 domestic shares by Wei Jian Jun, 15,345,000 domestic shares by Wei De Yi, 852,500 domestic shares by Chen Yu Zhi and 852,500 domestic shares by Han Xue Juan, representing 100% of the total ordinary shares then issued by the Company.

The changes in share capital of the Company since its inception:

| Date             | Event   | Change in share capital                             | Shareholding after the change   |
|------------------|---|---|---|
| 3 September 2003 | The Company issued share dividend by way of capitalisation of the undistributed profits | The domestic shares increased by 170,500,000 shares | Total share capital of the Company was 341,000,000 shares including 341,000,000 domestic shares |

|                  |   |   |  |
|------------------|---|---|--|
| 5 July 2004      | The initial public offering of foreign shares (H Shares) of the Company was approved by approving authority under the State Council   | The foreign shares (H Shares) increased by 131,100,000 shares   | Total share capital of the Company was 472,100,000 shares, including 341,000,000 domestic shares and; 131,100,000 foreign shares (H Shares)      |
| 24 January 2005  | The Company capitalised its capital reserve   | The domestic shares increased by 341,000,000 shares and foreign shares (H Shares) increased by 131,100,000 shares   | Total share capital of the Company was 944,200,000 shares, including 682,000,000 domestic shares and 262,200,000 foreign shares (H Shares)       |
| 21 December 2007 | The secondary public offering of foreign shares (H Shares) of the Company was approved by approving authority under the State Council | The foreign shares (H Shares) increased by 151,072,000 shares   | Total share capital of the Company was 1,095,272,000 shares, including 682,000,000 domestic shares and 413,272,000 foreign shares (H Shares)     |
| 1 March 2011     | The Company capitalised its capital reserve   | The domestic shares increased by 1,023,000,000 shares and foreign shares (H Shares) increased by 619,908,000 shares | Total share capital of the Company was 2,738,180,000 shares, including 1,705,000,000 domestic shares and 1,033,180,000 foreign shares (H Shares) |
| 12 October 2011  | The initial public offering of domestic shares (A Shares) of the Company was approved by  | The domestic shares (A Shares) increased by 304,243,000 shares  | Total share capital of the Company was 3,042,423,000 shares, including 2,009,243,000   |

|                 |   |  |   |
|-----------------|---|--|---|
|                 | approving authority under the State Council   |  | domestic shares (A Shares) and 1,033,180,000 foreign shares (H Shares)  |
| 13 October 2015 | The Company capitalised its capital reserve and issued share dividend by way of capitalisation of the undistributed profits | The domestic shares (A Shares) increased by 4,018,486,000 shares and foreign shares (H Shares) increased by 2,066,360,000 shares | Total share capital of the Company was 9,127,269,000 shares, including 6,027,729,000 domestic shares (A Shares) and 3,099,540,000 foreign shares (H Shares) |

#### Article 19

As for the proposals for the issuance of the Overseas-Listed H shares and the Domestic shares of the Company approved by the securities regulatory authority of the State Council, the Company's Board of Directors may make arrangements for separate issuance.

The Company may implement its proposal to issue Overseas-Listed H Shares and Domestic Shares separately pursuant to the provisions of the preceding paragraph within fifteen (15) months from the date of approval by the securities regulatory authority under the State Council.

#### Article 20

When the total number of shares stated in the proposal for the issuance of shares include Overseas-Listed H Shares and Domestic Shares, such shares shall be fully subscribed for in a single time at their respective offerings. If the shares cannot be fully subscribed for in a single time due to special circumstances, the shares may, subject to approval by the securities regulatory authority under the State Council, be issued in separate batches.

#### Article 21

The registered capital of the Company is RMB9,127,269,000.

#### Article 22

The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to the Company's Articles of Association.

The Company may increase its capital in the following ways:

- (1) by public offering of shares;
- (2) by private offering of shares;
- (3) by allotment of bonus shares to its existing shareholders;
- (4) by capitalisation of its capital reserve funds into share capital;
- (5) by other means as required by laws and administrative regulations as well as approved by the securities regulatory authorities of the State Council.

After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of the Company's Articles of Association, the issuance thereof shall be conducted in accordance with the procedures set out in the relevant laws and administrative regulations.

#### Article 23

Unless otherwise stipulated in the relevant laws and administrative regulations, shares in the Company shall be freely transferable and are not subject to any lien.

Any buying and selling, bestowal, inheritance and charge of the Company's Domestic Shares and Overseas-Listed H Shares shall be pursuant to the law of PRC, the law of the place of listing, the Listing Rules of The Stock Exchange of Hong Kong Limited and these Articles of Association. Any share transfer shall be registered pursuant to relevant rules.

#### Article 24

Once the shares of the Company are transferred, the name of the transferee shall be

listed in the register of shareholders, and such transferee shall become the holder of the shares.

#### Article 25

Any issuance and transfer of Overseas-Listed H Shares listed on the Hong Kong Stock Exchange shall, in accordance with article 46 of these Articles of Association, be registered in the register of shareholders of Overseas-Listed H Shares which is kept in Hong Kong.

#### Article 26

All shareholders of the Overseas-Listed H Shares transferred in the Hong Kong Stock Exchange shall transfer all or part of their shares by a written instrument in a usual or common form used in Hong Kong or any other form that the Board of Directors may approve. The instrument of transfer of any shares may be signed by the transferee and transferor or signed in mechanically-printed form.

#### Article 27

As for shareholders who cannot be contacted, the power to cease sending dividend warrants by post will not be exercised until such dividend warrants had been so left uncashed on two consecutive occasions. However, such power may also be exercised after the first occasion on which such a dividend warrant is returned undelivered.

The Company may sell the shares held by shareholders who is untraceable, and keep the income of such sale, where:

- (1) within a period of 12 years, there are allocation of dividends for at least three times to such shares, and such shareholders have not claimed for any dividends during the 12-year period, and
- (2) Upon the expiry of the 12 year period, upon the approval by the securities regulatory authority, an announcement is made indicating the intent to sell the shares; and such overseas securities regulatory authority and relevant overseas securities regulatory authorities are notified of such intention.

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

### Article 28

According to the provisions of the Company's Articles of Association, the Company may reduce its registered capital.

### Article 29

The Company must prepare a balance sheet and an inventory list of its property when it reduces its registered capital.

The Company shall notify its creditors within ten (10) days of the date of the Company's resolution for reduction of capital and shall publish an announcement in a newspaper at least three (3) times within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within ninety (90) days of the date of the first public announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debt.

The Company's registered capital must not, after the reduction in capital, be less than the minimum amount required by law.

### Article 30

The Company may, in accordance with the procedures set out in the Articles of Association and upon the approval by the relevant competent authority of the State, repurchase its shares issued and outstanding under the following circumstances:

- (1) by reduction of its registered capital;
- (2) by merger with another company that holds shares in the Company;
- (3) by distribution of shares to its employees as incentives;
- (4) by purchasing the shares upon demand of any shareholder opposing a resolution in respect of a merger or division at a general meeting.

Save for the circumstances set out above, the Company shall not purchase or sell any share in the Company.

#### Article 31

The Company may repurchase shares in any of the following ways, with the approval of the relevant State authority:

- (1) by making general offer for the repurchase of shares to all of its shareholders on a pro rata basis;
- (2) by repurchasing shares through public dealing on a stock exchange;
- (3) by repurchasing shares outside of the stock exchange by agreement;
- (4) other means approved by the China Securities Regulatory Commission.

#### Article 32

The Company must obtain the prior approval of the shareholders at a general meeting (in the manner provided in the Company's Articles of Association) before it can repurchase shares outside of the stock exchange by means of an off-market agreement. The Company may, by obtaining the prior approval of the shareholders at a general meeting (in the same manner as above), terminate, vary, or waive its rights under an agreement that has been so entered into.

Agreement for the repurchase of shares referred to in the preceding paragraph includes (without limitation) an agreement to become obliged to repurchase shares or an agreement to acquire the right to repurchase shares.

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

#### Article 33

If the Company acquires its own shares by reasons of Paragraphs (1) to (3) of Article 30 of the Articles of Association, the proposed resolution shall be passed at the general meeting. Upon the acquisition of its own shares by the Company pursuant to Article 30, in case of Paragraphs (1), the acquired shares shall be cancelled within 10 days from the date of acquisition; in case of Paragraphs (2) and (4), the acquired shares shall be transferred or cancelled within six months.



The number of shares to be acquired by the Company pursuant to Paragraphs (3) of Article 30 shall not exceed 5% of the total issued shares of the Company; the funds to be used for the acquisition shall be paid out of the profit after tax of the Company; the shares so acquired shall be transferred to the employees within one year.

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

#### Article 34

Unless the Company has entered the course of liquidation, it shall comply with the following provisions in relation to a repurchase of its issued shares:

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

- (2) where the Company repurchases shares of the Company at a premium to its par value, payment up to the par value shall be made out of book surplus distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
- (I) if the shares being repurchased were issued at par value, payment shall be made out of the book surplus of its distributable profits;
  - (II) if the shares being repurchased were issued at a premium to its par value, payment shall be made out of the book surplus of its distributable profits or out of the proceeds of a new issue of shares made for that purpose, provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate amount of the premiums received by the Company on the issue of the shares repurchased nor shall it exceed the book value of the Company's premium account or capital common reserve account (including the premiums on the new issue) at the time of the repurchase;
- (3) The Company shall make the following payment out of the Company's distributable profits:
- (I) payment for the acquisition of the right to repurchase its own shares;
  - (II) payment for the variation of any contract for the repurchase of its shares;
  - (III) payment for the release of its obligation(s) under any contract for the repurchase of shares;
- (4) After the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value of shares which have been repurchased shall be transferred to the Company's premium account or capital common reserve.

## Chapter 5 Financial Assistance for Acquisition of Shares

### Article 35

The Company and its subsidiaries shall not, at any time, provide any form of financial assistance to a person who is acquiring or proposes to acquire shares in the Company. This includes any person who directly or indirectly incurs obligations as a result of acquiring shares in the Company (the “Obligor”).

The Company and its subsidiaries shall not, at any time, provide any form of financial assistance to the Obligor for the purposes of reducing or discharging the obligations assumed by such person.

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

### Article 36

For the purpose of this Chapter, “financial assistance” includes (but is not limited to) the following:

- (1) gift;
- (2) guarantee (including the assumption of liabilities by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the Obligor), compensation (other than the compensation in respect of the Company’s own fault), or release or waiver of any rights;
- (3) provision of loan or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or the change in parties to, or the assignment of the rights under, such loan or agreement;
- (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 to a material extent.

For the purpose 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 the financial situation.

#### Article 37

The following actions shall not be deemed to be activities prohibited by Article 36 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 financial assistance is an incidental part of a certain plan of the Company;
- (2) the lawful distribution of the Company’s assets by way of dividend;
- (3) the distribution of share dividends;
- (4) a reduction of registered capital, a repurchase of shares of the Company or a reorganization of the shareholding structure of the Company effected in accordance with the Company’s Articles of Association;
- (5) the lending of money by the Company is 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 the distributable profits);
- (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 the distributable profits).

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

### Article 38

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

The share certificates of the Company shall contain the following particulars:

- (1) Name of the Company;
- (2) Incorporation date of the Company;
- (3) Class, par value and the number of the shares that each share certificate represents;
- (4) Serial number of the share certificates;
- (5) Other particulars required by the Company Law and Special Regulation;
- (6) Other particulars required by the stock exchange(s) where the shares are listed.

### Article 39

Share certificates of the Company shall be signed by the Chairman of the Company's Board of Directors. Where the stock exchange(s) on which the Company's shares are listed require(s) other senior officer(s) of the Company to sign on the share certificates, the share certificates shall also be signed by such senior officer(s). The share certificates shall take effect after being affixed with the seal of the Company (or the share seal of the company) or sealed mechanically in printing. The share certificates shall only be affixed with the Company's seal or share seal under the authorization of the Board of Directors. The signatures of the Chairman of the Board of Directors or other senior officer(s) may be printed in mechanical form.

### Article 40

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

- (1) the name, the address (residence), the occupation or nature of each shareholder;
- (2) the class and quantity of shares held by each shareholder;
- (3) the amount paid up or payable for the shares held by each shareholder;
- (4) the share certificate number of the shares held by each shareholder;
- (5) the date on which each shareholder was entered in the register as a shareholder of the Company;
- (6) the date on which each shareholder ceases to be a shareholder.

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

#### Article 41

The Company may, in accordance with mutual understanding and agreements made between the securities regulatory authority under the State Council and overseas securities regulatory authorities, maintain the register of shareholders of Overseas-Listed Foreign Shares overseas and appoint overseas agent(s) to manage such register of shareholders. The original register of shareholders of Overseas-Listed H Shares listed on the Hong Kong Stock Exchange shall be maintained in Hong Kong.

A duplicate copy of the register of shareholders of Overseas-Listed H Shares shall be maintained at the Company. The appointed overseas agent(s) shall ensure consistency between the original and the duplicate copy of the register of shareholders at all times.

If there is any inconsistency between the original and the duplicate copy of the register of shareholders of Overseas-Listed H Shares, the original register of shareholders shall prevail.

#### Article 42

The Company shall have a complete register of shareholders, which shall include the following parts:

- (1) the register of shareholders which is maintained at the Company's domicile (other than those share registers which are described in sub-paragraphs (2) and (3) of this Article);
- (2) the register of shareholders of Overseas-Listed H Shares of the Company which is maintained at the locality of the overseas stock exchange(s) on which the shares are listed; and
- (3) the registers of shareholders which are maintained in such other places as the Board of Directors may consider necessary for the purpose of listing the Company's shares.

#### Article 43

Different parts of the register of shareholders shall not overlap. No transfer of any shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

Amendment or rectification of any part of the register of shareholders shall be made in accordance with the respective laws of the place where the register of shareholders is maintained.

#### Article 44

All Overseas-Listed H Shares shall be transferred by a written instrument in a usual or common form (including without limitation the standard transfer form provided by the Hong Kong Stock Exchange ) or any other form that the Board of Directors may approve. The instrument of transfer of any share may be signed by hand without seal. If the shareholder is a recognised clearing house ("Recognised Clearing House") or its nominee defined by the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the share transfer form may be signed in mechanically-printed form.

All fully paid-up Overseas-Listed H Shares listed on the Hong Kong Stock Exchange may be freely transferred in accordance with the Company's Articles of Association (save for the limitation as allowed by the Hong Kong Stock Exchange); provided, however, that such transfer complies with the following requirements, otherwise the Board of Directors may refuse to recognise any instrument of transfer and will not need to provide any reason therefor:

- (1) a fee of HK\$2.50, or such higher amount as permitted by the Hong Kong Stock Exchange, shall have been paid up to the Company for

registration for the instrument of transfer and other documents relating to or which will affect the right of ownership of the shares;

- (2) the instrument of transfer shall only relate to Overseas-Listed H Shares listed in Hong Kong;
- (3) the stamp duty which is chargeable on the instrument of transfer shall have been paid;
- (4) the relevant share certificate(s) and any other evidence that the Board of Directors may reasonably require to prove that the transferor has the right to transfer the shares shall have been provided;
- (5) if it is intended that the shares be transferred to joint owners, the maximum number of joint owners shall not be more than four (4);
- (6) the Company shall not have any lien over the relevant shares.

If the Company refuses to register any transfer of shares, the Company shall within two (2) months of the formal application for the transfer, provide the transferor and the transferee with a notice of refusal to register such transfer.

#### Article 45

No change of registration in connection with transfer of shares may be made in the register of shareholders within thirty (30) days prior to the date of a shareholders' general meeting, or within five (5) days prior to the record date for the Company's distribution of dividends.

#### Article 46

When the Company holds a general meeting, distributes dividends, enters into liquidation or carry out other activities for which it is necessary to ascertain the identity of shareholders, the Board of Directors or the convenor of the general meeting shall determine on a record date for the entitlements attached to the shares of the Company. Shareholders entitled to the relevant interests shall be such persons whose names appear in the register of members at the close of business of such date.



#### Article 47

Any person objecting to the register of shareholders and requesting to have his name (title) entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

#### Article 48

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

An application for a replacement share certificate by a holder of Domestic Shares who has lost his share certificate shall be dealt with in accordance with Article 150 of the Company Law.

An application for a replacement share certificate by a holder of Overseas-Listed H Shares who has lost his share certificate may be dealt with in accordance with the law of the place where the original register of shareholders of the Overseas-Listed H Shares is maintained, the rules of the stock exchange or other relevant regulations.

The issue of a replacement share certificate to a holder of Overseas-Listed H Shares listed on the Hong Kong Stock Exchange for a share certificate lost shall be conditional upon the satisfaction of the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration stating the ground upon which the application is made and the circumstances and evidence of the loss, and declaring that no other person shall have the claim to have his name entered in the register of shareholders in respect of the Relevant Shares.
- (2) The Company must not have received any declaration made by any person other than the applicant claiming that his name shall be entered into the register of shareholders in respect of such shares before it may issue a replacement share certificate to the applicant.
- (3) The Company shall, if it intends to issue a replacement share certificate, publish an announcement of its intention to do so at least once every thirty (30) days within a period of ninety (90) days in such newspapers as prescribed by the Board of Directors.

- (4) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the announcement to be published, and may publish the announcement upon receipt of confirmation from such stock exchange that the announcement has been displayed on the premises of the stock exchange. Such announcement shall be displayed on the premises of the stock exchange for a period of ninety (90) days.

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

- (5) If, by the expiration of the 90-day display period referred to in paragraphs (3) and (4) of this Article, the Company has not received any objection from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.
- (6) Where the Company issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and record the cancellation of the original share certificate and the issuance of a replacement share certificate in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate shall be borne by the applicant, and the Company shall be entitled to refuse to take any action until reasonable security is provided by the applicant therefor.
- (8) The newspapers aforementioned in the paragraph (3) of this article shall at least include one in Chinese and one in English.

#### Article 49

Where the Company issues a replacement share certificate pursuant to the Company's Articles of Association, the name of the bona fide purchaser receiving the new share certificate or the shareholder who is subsequently registered as the owner of such shares (in the case of bona fide purchase) shall not be removed from the register of shareholders.

Article 50

The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate unless the claimant can prove that the Company has acted in a deceitful manner.

Article 51

The Company shall not accept any of its own shares as the subject-matter of a pledge.

Article 52

The shares of the Company held by the promoters shall not be transferred within one year from the date of the establishment of the Company. Shares issued prior to the public offering of the Company shall not be transferred within one year from the date of listing and trading of the Company's shares on a stock exchange.

The directors, supervisors and senior officers of the Company shall report to the Company the shares in the Company held by them and any changes thereof. The shares transferred by any of them each year during his/her term of office shall not exceed 25% of the total number of shares in the Company held by him/her; and he/she shall not transfer any shares of the Company held by him/her within one year from the date of listing and trading of the Company's shares. No shares of the Company held by any of the aforesaid persons may be transferred within half a year from the cessation of his/her term of office, save for changes in shareholding otherwise required by law by reasons of court orders, inheritances, bequests or divisions of property.

When the number of shares held by the directors, supervisors, president and other senior officers of the Company does not exceed 1,000 shares, such shares may be transferred in full at one time and are not subject to the transfer ratio as set out in the preceding paragraph.

Shares held by the directors, supervisors, president and other senior officers of the Company shall not be transferred in the following circumstances:

- (1) within one year from the date of listing and trading of the Company's shares;
- (2) within half a year from the date of cessation of office of the directors,

supervisors, president and other senior officers;

- (3) within the period during which the directors, supervisors, president and other senior officers have undertaken not to transfer shares; and
- (4) Other circumstances required by laws and regulations, the securities regulatory authorities of the State Council and the stock exchanges.

#### Article 53

When any director, supervisor or senior officer of the Company or any holder of Domestic Shares holding more than 5% of the Company's shares disposes of his/her shares in the Company within six months of purchase or purchases shares in the Company again within six months of disposal, the proceeds derived therefrom shall belong to the Company and shall be recoverable from him/her and duly disclosed by the Board of Directors, provided that disposals by brokerage companies holding more than 5% of the shares in the Company as a result of their underwriting obligations in relation to the shares unsubscribed shall not be subject to the six-month period.

If the Board of Directors fails to comply with the provisions of the preceding paragraph, the shareholders shall have the right to require the Board of Directors to comply with the provisions within 30 days. If the Board of Directors fails to comply with the provisions within the prescribed period, the shareholders shall, for the benefit of the Company and in their own names, have the right to institute legal proceedings directly at a People's Court.

If the Board of Directors of the Company does not comply with the provisions of first paragraph set out above, the responsible directors shall bear joint and several liability legally accordingly.

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

#### Article 54

A shareholder of the Company is a person who lawfully holds shares in the Company and whose name is entered in the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by him. Shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

#### Article 55

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

- (1) The company does not need to register more than four (4) persons as the joint shareholders for any share;
- (2) The joint shareholders shall jointly or severally assume the liability to pay for all amount of fee payable for relevant shares;
- (3) In case that any shareholder of the joint shareholders passes away, only the other remaining shareholders of the joint shareholders shall be deemed as the owners of the relevant shares, but the Board of Directors, in connection with the changes of particulars in the register of shareholders, is entitled to demand the death certificate of the relevant shareholder as it deems fit;
- (4) Among the joint shareholders of any shares, only the shareholder listed in the first place on the shareholder register is entitled to receive the relevant share certificate from the Company, to receive the notice of the Company, and attend the shareholders' general meetings and exercise the full voting rights of the relevant shares. Any notice served to such shareholder shall be deemed to have been served to all joint shareholders.

#### Article 56

The holders of ordinary shares of the Company shall have the following rights:

- (1) the right to receive dividends and other distributions in proportions to the number of shares held;
- (2) the right to requisition, hold, preside at, attend or appoint a proxy to attend and vote any general meeting according to the laws;
- (3) the right to supervise the Company's operations and present proposals or to raise queries;
- (4) the right to transfer, bestow or pledge shares held by themselves in accordance with the provisions of laws, administrative regulations, and

the Articles of Association;

- (5) the right to obtain relevant information in accordance with the provisions of laws and the Articles of Association, including:
- (I) to obtain a copy of the Articles of Association, subject to payment of costs;
  - (II) to inspect and copy, subject to payment of a reasonable fee:
    - (i) all parts of the register of members, including the shareholding information of the shareholder;
    - (ii) personal particulars of directors, supervisors, president and other senior officers of the Company, including:
      - a. present and former name and alias;
      - b. principal address (place of residence);
      - c. nationality;
      - d. full-time and all other part-time occupations and duties;
      - e. identification documents and numbers thereof;
    - (iii) total share capital and share capital structure of the Company;
    - (iv) reports showing the aggregate nominal value, amount, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;
    - (v) minutes of general meetings;
    - (vi) counterfoils of corporate bonds;
    - (vii) resolutions of the meetings of the Board of Directors;
    - (viii) resolutions of the meetings of the Supervisory

Committee;

- (ix) financial and accounting reports;
- (6) in the event of the dissolution or liquidation of the Company, to participate in the distribution of surplus assets of the Company in proportions to the number of shares held;
- (7) to demand the Company to purchase the shares of any shareholder opposing any resolution regarding a merger or division at a general meeting;
- (8) Free from the lock-up or other actions of the Company detrimental to the rights attached to the shares by reason of the persons directly or indirectly interested in the shares having exercised the rights attached to such shares without disclosing their interest to the Company;
- (9) other rights conferred by laws, administrative regulations, departmental rules and the Articles of Association.

#### Article 57

Any shareholder who wishes to inspect or request any relevant information or materials referred to in the preceding article shall provide to the Company a document evidencing the class and number of the shares held by him/her in the Company. The Company shall, after verifying the identity of the shareholder, provide such information or materials as required by such shareholder.

#### Article 58

Shareholders shall have the right to apply to the People's Court for rescission if any resolution passed at the general meetings or the meetings of the Board of Directors is in contravention of the laws or administrative regulations.

When the procedures for holding the general meetings or the meetings of the Board of Directors, or the voting procedures thereof are in contravention of any law or administrative regulations or the Articles of Association, or any resolution passed at such meetings is in contravention with the Articles of Association, the shareholders shall have the right to, within sixty days of the date of passing of the relevant resolution, apply to the People's Court for rescission of such resolution.

#### Article 59

Where a director, the president and any other senior officer is in contravention of the provisions of laws, administrative regulations or the Articles of Association in discharging his/her duties and causes losses to the Company, shareholder(s) holding singly or jointly over 1% of the shares in the Company for over one hundred eighty consecutive days shall have the right to request the Supervisory Committee in writing to initiate legal proceedings at the People's Court. Where the Supervisory Committee is in contravention of the provisions of laws, administrative regulations or the Articles of Association in discharging its duties and causes losses to the Company, shareholders shall have the right to request the Board of Directors in writing to initiate legal proceedings at the People's Court.

Where the Supervisory Committee or the Board of Directors refuses to initiate legal proceedings upon receipt of the written request of shareholders as stipulated in the preceding paragraph, or fails to initiate legal proceedings within thirty days upon receipt of the request, or in the event that any failure to immediately initiate legal proceedings will result in irreparable damage to the interests of the Company in the case of an emergency, the shareholders as prescribed in the preceding paragraph shall, for the benefit of the Company and in their own names, have the right to directly initiate legal proceedings at the Peoples' Court.

Where any person infringes the lawful interests of the Company and causes losses to the Company, the shareholders as prescribed in the first paragraph of this Article may initiate legal proceedings at the Peoples' Court in accordance with the provisions of the two preceding paragraphs.

#### Article 60

Where a director, the president and any other senior officer is in contravention of the provisions of laws, administrative regulations or the Articles of Association and detrimental to the interests of the shareholders, the shareholders may initiate legal proceedings at the People's Court.

#### Article 61

The holders of ordinary shares of the Company shall have the following obligations:

- (1) to comply with the laws and administrative regulations and the Articles of Association;



- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) not to abuse its rights to prejudice the interests of the Company or other shareholders and not to abuse the status of the Company as an independent legal person and the limited liability of a shareholder to prejudice the interests of the creditors of the Company;

When shareholder of the Company abuses his/her rights and causes losses to the Company or other shareholders, he/she shall assume the liability of compensation in compliance with the law.

Where a shareholder of the Company abuses the status of the Company as an independent legal person and the limited liability of a shareholder to avoid his/her liabilities and severely impairs the interests of the creditors of the Company, he/she shall assume vicarious liability for the liabilities of the Company.

- (4) other obligations imposed by the provisions of law, administrative regulation and the Articles of Association.

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

#### Article 62

In addition to the obligations imposed by law and administrative regulation or the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder (as defined in the following article) shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or any of the shareholders of the Company:

- (1) to relieve a director or supervisor of his duty to act faithfully in the best interests of the Company;
- (2) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the Company's assets by any method, including (without limitation) opportunities which are beneficial to the Company;

- (3) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) the rights to distributions and voting rights (save pursuant to a restructuring of the Company which has been submitted for approval by the shareholders in a general meeting in accordance with the Company's Articles of Association).

#### Article 63

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

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

#### Article 64

Any holder of Domestic Shares holding more than 5% of the Company's voting shares who pledged their shares held shall give a written notice to the Company at the date on which such pledge is made. The pledge of H shares shall be made pursuant to the Hong Kong laws, rules of the stock exchanges and any other applicable requirements.

#### Article 65

Any controlling shareholder or de-facto controller of the Company shall not make use of their connected relationships to the detriment of the Company. In the event of any contravention of the requirements and causes losses to the Company, the controlling

shareholder or the de-facto controller of the Company shall assume the liability for compensations thereof.

The controlling shareholder or the de-facto controller of the Company shall have fiduciary duties to the Company and the public shareholders of the Company. The controlling shareholder shall exercise his/her rights as a contributory in strict compliance with laws and shall not impair the legal interests of the Company and the public shareholders of the Company by way of profit distribution, asset reorganisation, foreign investments, funds appropriations, loan guarantees, and shall not make use of his/her controlling status to the detriment of the interests of the Company and the public shareholders.

## **Chapter 8 Shareholders' General Meetings**

### Article 66

The shareholders' general meeting is the organ of authority of the Company, and shall exercise its powers in accordance with the law.

### Article 67

The general meeting shall have the following functions and powers:

- (1) to decide on the Company's operational policies and investment plans;
- (2) to elect and replace directors and to decide on the matters relating to the remuneration of the directors;
- (3) to elect and replace supervisors of shareholders' representatives and to decide on the matters relating to the remuneration of the supervisors;
- (4) to consider and approve the Board of Directors' reports;
- (5) to consider and approve the Supervisory Committee's reports;
- (6) to consider and approve the Company's proposed annual financial budgets and final accounts;
- (7) to consider and approve the Company's proposals for profit allocations and loss recovery;

- (8) to decide on the increase or reduction of the Company's registered capital;
- (9) to decide on matters such as merger, division, dissolution and liquidation or conversion of the Company;
- (10) to decide on the issuance of bonds by the Company;
- (11) to decide on the appointment, dismissal and non-reappointment of the certified public accountants' firm of the Company;
- (12) to amend the Articles of Association;
- (13) to consider motions proposed by shareholders representing 3% or more of the voting shares of the Company;
- (14) to consider and approve the guarantees as required by laws, rules and regulations and Article 68 of the Articles of Association;
- (15) to consider any purchase or disposal of substantial assets, the value which exceeds 30% of the latest audited total assets of the Company;
- (16) to consider and approve the change of uses of proceeds raised;
- (17) to consider share incentive schemes;
- (18) to consider any other matters which shall be resolved at general meetings as required by laws, administrative regulations, the listing rules of the stock exchanges of the Company's securities and the provisions of the Articles of Association.

#### Article 68

The provision of the following guarantees by the Company shall be subject to the consideration and passing by the general meetings:

- (1) the provision of any guarantee, when the aggregate amount of which by the Company and its subsidiaries equals to or exceeds 50% of the its latest audited net assets;
- (2) the provision of any guarantee, when the aggregate amount of which by the Company equals to or exceeds 30% of the its latest audited total

assets;

- (3) the provision of any guarantee to any person or entity with a gearing ratio in excess of 70%;
- (4) any single guarantee the amount of which exceeds 10% of the latest audited net assets;
- (5) any guarantee provided to any shareholder(s), de-facto controller and its connected persons.

#### Article 69

Save for any contingencies in times of crisis, the Company shall not, subject to the prior approval by special resolution of a general meeting, enter into any contract with any person (other than the directors, president and other senior officers) pursuant to which such person shall be responsible for the management of the whole or any substantial part of the Company's undertaking.

#### Article 70

Shareholders' general meetings comprise annual general meetings and extraordinary general meetings. Shareholders' general meetings shall be convened by the Board of Directors. Annual general meetings shall be held once every year and within six (6) months from the end of the preceding fiscal year.

The Board of Directors shall hold an extraordinary general meeting within two months upon the occurrence of any one of the following events:

- (1) where the number of the directors is less than the minimum number required by the Company Law or six;
- (2) where the unrecovered losses of the Company amount to one-third of its total paid-in share capital;
- (3) where shareholder(s) holding more than 10% (inclusive of 10%) of the Company's issued and outstanding voting shares requisition(s) in writing for the holding of an extraordinary general meeting;
- (4) whenever the Board of Directors deems necessary or the Supervisory Committee so requisitions;

- (5) where two or more independent directors so propose;
- (6) any other events required by laws, administrative regulations, departmental rules or the Articles of Association.

#### Article 71

An independent director shall have the right to propose to the Board of Directors to hold an extraordinary general meeting. Upon receipt of a proposal by an independent director to hold an extraordinary general meeting, the Board of Directors shall, pursuant to the provisions of laws, administrative regulations and of the Articles of Association, indicate its written feedbacks to the agreement or disagreement to the holding of an extraordinary general meeting within ten days upon receipt of the same.

Where the Board of Directors shall agree to hold an extraordinary general meeting, it shall despatch a notice of an extraordinary general meeting within five days upon passing of a resolution of the Board meeting to that effect. In the event that the Board of Directors shall not agree to hold any extraordinary general meeting, it shall state its reason(s) and publish an announcement thereof.

#### Article 72

The Supervisory Committee shall have the right to propose to the Board of Directors to hold an extraordinary general meeting, which proposal shall be submitted in writing. The Board of Directors shall, pursuant to the provisions of laws, administrative regulations and the Articles of Association, indicate its written feedbacks to the agreement or disagreement to the holding of an extraordinary general meeting within ten days upon receipt of the same.

Where the Board of Directors shall agree to hold an extraordinary general meeting, it shall despatch a notice of the extraordinary general meeting within five days upon passing of a resolution of the Board meeting. Prior approval of the Supervisory Committee shall be obtained in respect of any changes to the original motion in such notice.

Where the Board of Directors shall not agree to hold an extraordinary general meeting or give no feedback within ten days of its receipt of such motion, the Board of Directors shall be deemed to be incapable of discharging or failure to discharge its duty of holding a general meeting, the Supervisory Committee shall call and preside over such meeting on its own.

#### Article 73

Where a shareholder shall requisition to hold an extraordinary general meeting or a class meeting, the following procedures shall be followed:

- (1) Two or more shareholders holding, singly or jointly, 10% or more of the shares carrying voting rights at the proposed meeting may execute one or more written requisition(s) with the same form and contents, and submit the same with the agenda to the Board of Directors for holding an extraordinary general meeting or a class meeting. The Board of Directors shall, upon receipt of the written requisition(s), hold an extraordinary general meeting or a class meeting as soon as possible. The aforesaid shareholdings shall be determined as of the date on which the written requisition(s) was submitted by the shareholders.
- (2) Where the Board of Directors shall fail to issue a notice of a meeting within thirty days upon the receipt of the aforesaid written requisition(s), the shareholders making such requisition may hold such meeting on its own within four months of the receipt of the same by the Board. The procedures for holding such meeting shall be substantially the same as those for holding a general meeting by the Board of Directors.

Where a meeting being held by the shareholders on its own owing to the failure of the Board of Directors at the aforesaid requisition, the expenses reasonably incurred therefrom shall be borne by the Company and deducted from the amounts owed by the Company to the directors who are in breach of their duty.

#### Article 74

The Supervisory Committee or the shareholders shall notify the Board of Directors in writing the holding of any general meeting on its own, and complete any relevant filing procedures for record with the branch of the securities regulatory authorities of the State Council at the place where the Company is located and the stock exchanges.

The requisitioned shareholder(s) shall submit relevant evidence materials to the branch of the securities regulatory authorities of the State Council at the place where the Company is located and the stock exchanges upon issuing the notice of the general meeting and an announcement in respect of the resolutions of the general meeting.

#### Article 75

The Board of Directors and the secretary to the Board shall cooperate with the Supervisory Committee or shareholders in respect of any general meeting held on its own. The Board of Directors shall provide the register of members as of the record date of the registration of entitlements.

#### Article 76

The expenses necessary for a general meeting held by the Supervisory Committee or shareholders on its own shall be borne by the Company.

#### Article 77

When the Company convenes a shareholders' general meeting, notice of the meeting in written form or in electronic form (by posting on, including but not limited to, the Company's website or the Hong Kong Stock Exchange's website) shall be given not less than forty-five days before the date of the meeting to notify all of the shareholders whose names appear in the share register of the matter to be considered and date and place of the meeting. A shareholder who intends to attend the meeting shall deliver to the Company his written reply not less than twenty days before the date of the meeting. Subject to unanimous written approval of the registered shareholders, shareholders' general meeting of the Company shall be convened without sufficient notice as required by this article.

#### Article 78

The contents of the motions shall fall into the scope of functions and powers of the general meeting with definite topics of discussion and specific resolutions as well as comply with the relevant provisions of laws, administrative regulations and the Articles of Association.



#### Article 79

The Board of Directors, the Supervisory Committee and the shareholders holding, singly or jointly, 3% or more of the shares of the Company shall be entitled to submit motions to the Company at the general meetings.

Shareholders holding, singly or jointly, 3% or more of the shares of the Company shall be entitled to submit extempore motions to the convenor in writing ten days prior to the holding of the general meeting. The convenor shall, within two days of receipt of such motions, issue a supplemental notice of the general meeting announcing the contents of the extempore motions and submit the same to the general meeting for consideration.

Save for the circumstances specified in the preceding paragraph, the convenor shall not make amendments to any motions set out in the notice of the general meeting or submit any new motions after the despatch of the notice of the general meeting.

Any motion which is not set out in the notice of the general meeting or not in compliance with the provisions of Article 77 of the Articles of Association shall not be voted upon and passed thereat.

#### Article 80

The Company shall, based on the written replies which it receives from shareholders at least twenty days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amounts to more than one-half of the Company's total voting shares, the Company may hold the meeting; if not, the Company shall, within five days, notify the shareholders by way of public announcement of the matters to be considered, and the date and place of the meeting. The Company may then hold the meeting after publication of such announcement.

An extraordinary general meeting shall not decide on the matters not stated in the notice for the meeting.

#### Article 81

A notice of a meeting of the shareholders of the Company must satisfy the following requirements:

- (1) be in writing or electronic form;
- (2) specify the place, duration, date and time of the meeting;
- (3) state the matters to be discussed at the meeting;
- (4) provide such information and explanations as are necessary for shareholders to make an informed decision on the proposals submitted. Without limiting the generality of the foregoing, when a proposal is made to amalgamate the Company with another, to repurchase the shares of the Company, to reorganize its share capital or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with the copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;
- (5) contain disclosure of the nature and extent, if any, of the material interests of any directors, supervisors, general manager, deputy general manager, chief financial officer and other senior officers in the proposed transaction and the effect which the proposed transaction will have 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 to be proposed at the meeting;
- (7) contain a conspicuous statement that all the shareholders shall have the right to attend the general meeting, and a shareholder entitled to attend and vote at such meeting shall have the right to appoint one or more proxies to attend and vote on his behalf at such meeting, and that a proxy needs not to be a shareholder.
- (8) specify the time and place for lodging proxy forms for the relevant meeting;
- (9) the record date for the entitlement of the shareholders eligible to attend general meetings;
- (10) the names and telephone numbers of the designated liaison contact person of the meeting.

## Article 82

Notice of shareholders' general meetings shall be served on each shareholder (whether or not such shareholder is entitled to vote at the meeting) by personal delivery or prepaid mail or in electronic form to the address or contact of the shareholder as shown in the register of shareholders. For the holders of Domestic Shares, notice of the meeting may also be issued by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities authority of the State Council within forty-five days to fifty days before the date of the meeting; after the publication of such announcement, all holders of Domestic Shares shall be deemed to have received the notice of the relevant shareholders' general meeting. Such public announcement shall be published in Chinese and English in accordance with Article 197 of these Articles of Association.

## Article 83

Where the elections of directors or supervisors shall be considered at the general meetings, the detailed biographies of candidates for director(s) or supervisor(s) shall be fully disclosed in the notice of the general meeting, which shall include at least the following information:

- (1) personal information such as educational background, work experiences and part-time employments;
- (2) interested relationship, if any, with the Company, the controlling shareholder(s) and the de-facto controller of the Company;
- (3) the number of shares in the Company held;
- (4) penalties by any securities regulatory authorities of the State Council and other relevant authorities and censures by the stock exchanges.

## Article 84

Once a notice of the general meeting is despatched, the general meeting shall not be postponed or cancelled and the motions set out in the notice of the general meeting shall not be cancelled without any justifiable reasons. In case of occurrence of any such postponement or cancellation, the convenor shall publish an announcement, explaining the reasons for such postponement or cancellation, at least two working

days prior to the original date of the meeting.

#### Article 85

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

#### Article 86

Any shareholder who is entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one (1) or more persons (whether such person is a shareholder or not) as his proxy to attend and vote on his behalf, and a proxy so appointed shall be entitled to exercise the following rights pursuant to the authorizations from that shareholder:

- (1) the shareholder's right to speak at the meeting;
- (2) the right to demand or join in demand for a poll;
- (3) the right to vote by hand or by poll, but the proxies of a shareholder who has appointed more than one (1) proxy may only vote by poll.

If a shareholder is a Recognised Clearing House (or its nominee), it may, as it sees fit, appoint one (1) or more persons as its proxies to attend and vote at any shareholders' general meeting or class meeting. However, if more than one (1) person is appointed, the form of proxy shall specify the number and class of the shares relating to each such proxy. Such proxy may exercise the rights of the Recognised Clearing House (or its nominee) on its behalf as if it is the individual shareholder of the Company.

#### Article 87

Shareholders, whose names appear on the register of members on the record date for the entitlements to the shares, or their proxies, shall be entitled to attend the general meeting and exercise their voting rights in accordance with relevant laws, regulations and the Articles of Association. Shareholders may attend the general meeting in person, or appoint proxy to attend and vote on their behalf. The appointment of a proxy by a shareholder shall be in writing and signed by the appointer or his attorney duly authorised in writing, or in the case of a legal person, shall be either affixed with its legal person seal or signed by a director or an officer or a duly authorised attorney.

The proxy form shall specify the number of shares represented by the proxy. In the event that more than one person is appointed as proxy, such proxy form shall specify the respective number of shares represented by each proxy.

#### Article 88

The instrument appointing a voting proxy shall be deposited at the domicile of the Company or at such other place as is specified for that purpose in the notice convening the meeting, not less than twenty-four hours before the time for holding the meeting at which the proxy proposes to vote or the time appointed for voting. If such instrument is signed by a person on behalf of the appointor, the authorization letter or other authorization instruments shall be notarized, and such notarized authorization letter or other authorization instruments shall, together with the form of voting proxy, be deposited at the domicile of the Company or at such other place as is specified for that purpose in the notice convening the meeting.

If the appointor is a legal person, its legal representative or such person as is authorized by resolution of its Board of Directors or other governing bodies may attend meetings of the shareholders of the Company as a representative of the appointor.

#### Article 89

Any form provided to a shareholder by the Board of Directors of the Company for the appointment of a proxy shall enable the shareholder to freely instruct the proxy to vote for or against each individual matter to be voted at the meeting. Such a form shall contain a statement that in the absence of specific instructions from the shareholder, the proxy may vote at his discretion.

#### Article 90

A vote given in accordance with the terms of a proxy form shall be valid, notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or the authority under which the proxy is executed, or the transfer of the shares in respect of which the proxy is given, as long as the Company does not receive any written notice in respect of any such matters prior to the commencement of the relevant meeting.

#### Article 91

Resolutions of shareholders' general meeting comprise ordinary resolutions and special resolutions.

An ordinary resolution of a general meeting shall be passed by more than one-half of the voting rights held by shareholders (including proxies) present at the meeting.

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

#### Article 92

A shareholder (including a proxy) may exercise such voting rights according to the number of voting shares he represents at a general meeting. Each share shall carry one vote.

Shares in the Company held by the Company shall carry no voting right and shall not be counted in the total number of voting shares represented by shareholders present at the meeting.

The Board of Directors, independent directors and shareholders who satisfy the relevant qualifications may canvass the shareholders for votes.

#### Article 93

Interested shareholders shall refrain from voting upon any connected transactions to be considered at the general meeting and the number of voting shares represented by them shall not be counted in the total number of valid votes. The announcement of the resolutions of the general meeting shall fully disclose the details of the voting by non-interested shareholders.

#### Article 94

At any shareholders' general meeting, a resolution shall be decided on a show of hands unless a poll is demanded:

- (1) by the chairman of the meeting;
- (2) by at least two (2) shareholders present in person or by proxy entitled

to vote thereat;

- (3) by one (1) or more shareholders present in person or by proxy representing 10% or more of all shares carrying the right to vote at the meeting, before or after a vote is carried out by a show of hands.

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

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

#### Article 95

A poll demanded on the election of the chairman of the meeting, or on a question of the adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

#### Article 96

On a poll taken at a meeting, a shareholder (including a proxy) entitled to two (2) or more votes is not required to cast all his votes in the same way.

#### Article 97

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote.

#### Article 98

When the shareholders' general meeting is discussing affairs concerning the connected transaction, the connected shareholders shall not participate in the vote, the shares with voting rights represented by such connected shareholders shall not be counted into the total number of the valid votes bearing voting right. The

announcement on the resolutions of the shareholders' general meeting shall sufficiently disclose the voting situation of the non-connected shareholders. In the special circumstance when the connected shareholders cannot withdraw, the Company may, upon the approval by the relevant authorities, carry out the voting through normal procedure, and shall give explicit explanation in the announcement on the resolutions of the shareholders' general meeting.

#### Article 99

Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), where the voting made by any shareholder who shall abstain from voting in relation to any particular resolution or be restricted to vote for or against such resolution or by its proxy violates such provisions or restrictions, such votes will not be counted in the results of relevant voting .

#### Article 100

The following matters shall be resolved by ordinary resolutions at general meetings:

- (1) work reports of the Board of Directors and the Supervisory Committee;
- (2) proposals for profit allocation and loss recovery formulated by the Board of Directors;
- (3) appointments and removals of members of the Board of Directors and the Supervisory Committee, their remunerations and manner of payments;
- (4) annual budgets and final accounts, balance sheets, income statements, and other financial statements of the Company;
- (5) annual reports of the Company;
- (6) matters other than those required by laws, administrative regulations or the Articles of Association to be passed by special resolutions.

#### Article 101

The following matters shall be resolved by special resolutions at general meetings:



- (1) the increase or reduction of share capital and the issue of shares of any class, warrants and other similar securities;
- (2) the issue of corporate bonds of the Company;
- (3) the division, merger, dissolution and liquidation of the Company;
- (4) the amendment to the Articles of Association;
- (5) the amount of acquisition or disposal of any material assets or the provision of guarantees by the Company within one year is in excess of 30% of the latest audited total assets of the Company;
- (6) share incentives scheme; and
- (7) any other matters required by laws, administrative regulations or the Articles of Association, and which are resolved by an ordinary resolution at the general meeting to have material impact on the Company, to be subject to approval by a special resolution at the meeting.”

#### Article 102

No amendment shall be made to any motion to be considered in the general meeting. Failing that, any amendment to any motion shall be deemed to be a new motion and may not be put forward for voting at such meeting.

#### Article 103

Two representatives of shareholders shall be elected as scrutineers of the polling results prior to any voting at a general meeting. Interested shareholders interested in the matters under consideration, relevant shareholders and their proxies, shall not act as scrutineers.

Polling of the motions shall be counted by lawyer(s), representatives of shareholders and supervisors acting as scrutineers. The poll results of the resolutions shall be announced at the general meeting and recorded in the minutes of the meeting.

#### Article 104

The Chairman of the Board of Directors shall convene and chair each shareholders' general meeting. If the Chairman is unable to attend the meeting for any reason, the vice-chairman of the Board of Directors shall convene and chair the meeting. If both the Chairman and the vice-chairman of the Board of Directors are unable to attend the meeting, the Chairman may designate a director to convene and chair the meeting on his behalf. If no chairman of the meeting is so designated, the attending shareholders shall elect one (1) person to act as the chairman of the meeting. If for any reason, the shareholders fail to elect a chairman, then the shareholder (including a proxy) holding the largest number of shares carrying voting right thereat shall be the chairman of the meeting.

The chairman of the supervisory committee shall preside over and act as the chairman of the meeting of any general meetings held by the supervisory committee on its own. In the event that the chairman of the supervisory committee fails to discharge or is unable to discharge his duty, one supervisor nominated by more than one-half of all supervisors shall preside over the meeting.

The convenor of a general meeting held by shareholders on their own shall elect a representative to preside over and act as the chairman of the general meeting.

Where a general meeting is unable to proceed further during its course due to non-compliance of the rules of proceeding by the chairman of the meeting, shareholders present at the general meeting may nominate one person as the chairman of such meeting with the consent of more than one-half of the voting rights represented by shareholders present and the meeting shall proceed.

#### Article 105

Prior to the commencement of voting, the chairman of a general meeting shall announce the number of shareholders and their proxies present in person and the total number of shares carrying voting rights held by them, which shall be determined on the basis of the records of the meeting.

#### Article 106

The chairman of the meeting shall be responsible for determining whether a resolution has been passed. The decision shall be final and conclusive and shall be announced at the meeting and recorded in the minute books.

#### Article 107

If the chairman of the meeting has any doubt as to the voting result of a resolution which has been presented at a shareholders' meeting, he may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may, immediately after the announcement of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

#### Article 108

If votes are counted at a shareholder's general meeting, the result of the count shall be recorded in the minute books.

#### Article 109

Minutes shall be kept in respect of all resolutions passed at a shareholder's general meeting and signed by directors present at the meeting. The minutes, together with the shareholders' attendance list and powers of attorney for attending by proxy, shall be kept at the domicile of the Company.

#### Article 110

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

#### Article 111

Resolutions passed at a general meeting shall be announced promptly. The number of shareholders and proxies present at the meeting, the total number of shares carrying voting rights and its percentage to the total number of the voting shares of the Company, the voting methods, the poll results for each motion and details of each of the resolutions passed shall be set out clearly in the announcement.

#### Article 112

Where a motion has not been approved or an amendment has been made to the resolution passed at a previous general meeting at the general meeting, the same shall be specifically mentioned in the announcement of the resolutions of the general meeting.

#### Article 113

Where a motion relating to the election of Directors and Supervisors has been passed, the appointments of the newly appointed Directors and Supervisors shall take effect following the passing of such resolutions.

#### Article 114

Where a motion relating to the distribution of cash dividends, the issue of bonus shares or the increase in share capital by way of capitalisation of reserves has been passed at the general meeting, the Company shall implement such resolution within two months following the conclusion of such general meeting.

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

#### Article 115

Those shareholders who hold different classes of shares are class shareholders. Holders of Domestic Shares and Overseas-Listed H Shares are, among others, shareholders of different classes.

Class shareholders shall enjoy rights and assume obligations in accordance with law, administrative regulation and the Company's Articles of Association.

#### Article 116

Rights conferred on any class of shareholders ("class rights") may not be varied or abrogated save by special resolution of a shareholders' general meeting, and as approved by holders of shares of that class at a separate shareholders' meeting conducted in accordance with Articles 118 to 122.

Article 117

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

- (1) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having voting or distribution rights or other privileges equal or superior to those of shares of that class;
- (2) to exchange all or part of the shares of that class for shares of another class or to exchange or to grant a right to exchange all or part of the shares of another class for shares of that class;
- (3) to remove or reduce rights to receive accrued dividends or rights to cumulative dividends attached to shares of that class;
- (4) to reduce or remove preferential rights attached to shares of that class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (5) to add, remove or reduce the conversion rights, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of that class;
- (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of that class;
- (7) to create a new class of shares having voting or distribution rights or other privileges equal or superior to those of the shares of that class;
- (8) to restrict the transfer or ownership of shares of that class or to increase such restrictions;
- (9) to issue rights of subscription or conversion in respect of shares of that class or another class;
- (10) to increase the rights or privileges of shares of another class;
- (11) to restructure the Company in such a way that it may result in the disproportionate distribution of obligations among the various classes of shareholders;

- (12) to vary or abrogate the provisions of this Chapter.

#### Article 118

Shareholders of the affected class, with or without the right to vote at shareholders' general meetings originally, shall have the right to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 117, but an interested shareholder(s) shall not be entitled to vote at such class meetings.

An "interested shareholder(s)", as such term is used in the preceding paragraph, means:

- (1) in the case of a repurchase of shares by the Company by way of a general offer to all shareholders of the Company in the same proportion or by way of public dealing on a stock exchange pursuant to Article 31 of these Articles, a "controlling shareholder" within the meaning of Article 63 of these Articles;
- (2) in the case of a repurchase of shares by the Company under an off-market agreement pursuant to Article 31 of these Articles, a shareholder related to such agreement;
- (3) in the case of a restructuring of the Company, a shareholder who assumes a lower proportion of liability than other shareholders of that class or who has an interest different from the interests of the other shareholders of that class.

#### Article 119

A class meeting's resolutions shall be passed by votes representing over two-thirds of the voting rights of the shareholders present at the meeting according to article 118.

#### Article 120

Written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders forty-five days before the date of the class meeting. Such notice shall give such shareholders notice of the matters to be considered at such meeting and the date and place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply in respect thereof to the Company twenty days before the date of the class meeting.

If the shareholders who intend to attend such class meeting represent more than half of the total number of shares of that class which have the right to vote at such meeting, the Company may hold the class meeting; otherwise, the Company shall within five days give the shareholders further notice of the matters to be considered and the date and place of the class meeting by way of public announcement. The Company may then hold the class meeting after such public announcement has been made.

#### Article 121

Notices of class meetings need only be served on shareholders entitled to vote thereat.

Class meetings shall be conducted in a procedure which is as similar as possible to that of shareholders' general meetings. The provisions of the Company's Articles of Association relating to the procedure for the conduct of shareholders' general meetings are also applicable to class meetings.

#### Article 122

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

- (1) where the Company issues, upon the approval by special resolution of its shareholders in a general meeting, either separately or concurrently once every twelve (12) months, Domestic Shares and Overseas-Listed H Shares, each of which does not exceed 20% of the outstanding shares of their respective classes; or
- (2) where the Company's plan to issue Domestic Shares and Overseas-Listed H Shares at the time of its establishment is completed within fifteen (15) months from the date of approval of the securities regulatory authority of the State Council.

### **Chapter 10 Board of Directors**

#### Article 123

The Company shall have a Board of Directors. The Board of Directors shall consist of seven directors. The Board of Directors shall have one Chairman, one Vice-chairman and five directors, of whom three shall be executive directors, one non-executive

director, and three independent non-executive directors.

In case of any re-election of the Board of Directors, more than half of the directors shall be external directors (directors who do not hold any position in the Company), and at least three directors shall be independent non-executive directors (directors who are independent from the shareholders of the Company and do not hold any position in the Company), among whom at least one independent non-executive director with appropriate professional qualifications or financial or accounting experience shall be included.

The Board of Directors shall be independent from the controlling shareholders.

#### Article 124

A director shall be elected at a general meeting for a term of office of three years. At the expiry of the term of a director's office, he is eligible for re-election. A director may not be dismissed by a general meeting without cause prior to the expiry of his term.

The term of office of a director shall be commenced from the date of his/her appointment until the expiry of the relevant session of the Board of Directors. Where any vacancy is not filled upon the expiry of the term of office of such director, the director whose term of office has expired shall continue to discharge the duties and functions of a director in accordance with the provisions of the laws, administrative regulations, departmental rules and the Articles of Association until a newly elected director takes office.

Any person appointed by the Board to fill casual vacancy on or as an addition to the Board shall hold office only until the next following annual general meeting of the Company, and shall be eligible for re-election.

A written notice by a shareholder of the intention to propose a person for election as a director and a notice in writing by that person indicating his acceptance of such election shall be given to the Company not earlier than the day following the despatch date of the notice of the meeting where such election will be conducted and not later than seven (7) days before the date of such shareholders' general meeting. A notice period of at least seven days should be allowed. The members of the Board of Directors shall be nominated by the founders and elected by the founding meeting.

The Chairman and the Vice-chairman shall be elected and removed by more than half of all of the members of the Board of Directors. The term of office of each of the Chairman and the Vice-chairman is three (3) years, which is renewable upon re-election.



The directors shall not be required to hold shares of the Company.

A director may tender his/her resignation prior to the expiry of his/her term of office. A resigning director shall tender a written resignation letter to the Board of Directors, which shall disclose the resignation within two days.

Where, by reason of the resignation of a director, the number of the members of the Board of Directors falls below the minimum number required by law, the resigned director shall continue to discharge the duties and functions of a director in accordance with the provisions of the laws, regulations, administrative rules and the Articles of Association until a newly elected director takes office.

Save for the preceding paragraph, the resignation of director shall become effective upon the service of the resignation letter to the Board of Directors.

#### Article 125

The Board of Directors shall be accountable to the general meeting and exercise the following duties and functions in accordance with the law:

- (1) to be responsible for the holding of general meetings and to report on its work to general meetings;
- (2) to execute the resolutions of general meetings;
- (3) to determine the Company's operation plans and investment proposals;
- (4) to formulate the Company's annual financial budgets and final accounts;
- (5) to formulate the Company's proposals for profit allocations and loss recovery;
- (6) to formulate proposals for the increase or reduction of the registered capital, the issuance of bonds or other securities and listing of the Company;
- (7) to draw up proposals for any substantial acquisition, purchase of the Company's shares or the merger, division, dissolution and conversion of the Company;
- (8) to decide on any external investment, purchase or disposal of assets,

mortgage of assets, external guarantee, entrusted asset management and connected transaction of the Company within the scope of authorisation by the general meeting;

- (9) to decide on the establishment of the Company's internal management structure;
- (10) to appoint or remove the Company's general manager and to appoint or remove deputy general manager(s), chief financial officer and other senior officers according to the nomination of the general manager and, to decide on their remunerations;
- (11) to formulate the Company's basic management system;
- (12) to formulate proposals for any amendment to the Articles of Association;
- (13) to manage the Company's disclosure of information;
- (14) to propose the appointment or replacement of the certified public accountants' firm of the Company to the general meeting;
- (15) to listen to the work reports, and inspect the work, of the president of the Company;
- (16) to exercise any other duties and functions conferred by laws, administrative regulations, departmental rules or the Articles of Associations.

Unless otherwise required by laws, administrative regulations and the Articles of Association, the matters set out in the preceding paragraph shall be decided by more than one-half of the members of the Board of Directors, any proposals for the increase or decrease of the registered share capital, issue of corporate bonds, merger, division and dissolution, and amendments to the Articles of Association of the Company which require consents of more than two-thirds of all directors.

#### Article 126

The Board of Directors of the Company shall give a statement to the general meeting in respect of the non-unqualified audit opinion of the financial report of the Company given by a certified public accountant.

Article 127

The Board of Directors shall formulate the rules of proceeding of the Meetings of the Board of Directors to ensure that the resolutions of the general meetings are finalised by the Board of Directors in improving work efficiency and undertaking rational decisions.

Article 128

In the case of any board resolution on proposed disposition of fixed assets, if the anticipated amount of such disposition and the amount of the proceeds received from another disposition of fixed assets occurring in four months prior to such proposal of disposition shall in aggregate exceed 33% of the fixed asset value as shown on the balance sheet recently deliberated at the shareholders' general meeting, such disposition or any consent of such disposition shall be subject to the examination and approval of the shareholders' general meeting.

“Disposition of fixed assets” referred to in this Article includes the transfer of certain interests in assets, but not the creation of any security over fixed assets.

No violation of the first paragraph of this article shall affect the validity of any disposition by the Company of its fixed assets.

The Board of Directors shall stipulate the authority for making external investments, purchase or disposal of assets, mortgage of assets, provision of guarantees, entrusted asset management and connected transactions, and establish stringent procedures for review and decision-making. Prior to making decision on market development, mergers and acquisition, or investment in any new industry, for significant investment projects in industry or mergers and acquisition which amount accounts for 10% or more of the total assets of the Company, the Board of Directors may seek professional opinions from an independent consultancy as the key basis for its decision and submit the same to the general meeting for approval.

Article 129

The Chairman of the Board of Directors shall exercise the following powers:

- (1) to preside over shareholders' general meetings and to convene and preside over meetings of the Board of Directors;
- (2) to inspect and supervise the implementation of resolutions passed by

the Board of Directors,

- (3) to sign the securities issued by the Company;
- (4) to exercise other powers conferred by the Board of Directors.

When the Chairman is unable to exercise his powers, such powers shall be exercised by the Vice-chairman designated by the Chairman to exercise such powers on his behalf.

#### Article 130

Meetings of the Board of Directors shall be held at least two times each year, and called by the Chairman of the Board of Directors. Notice of the meeting shall be despatched to all of the directors and supervisors at least ten days in advance. In the event of any emergency, an extraordinary meeting of the Board of Directors may be held at the proposal of more than two Directors, the Chairman of the Board or the general manager of the Company.

#### Article 131

Notice of meetings and special meetings of the Board of Directors shall be delivered by the means and at the times as follows,

- (1) No notice is required if the timing and venue of the meetings have been decided by the Board of Directors in advance.
- (2) If the Board of Directors has not decided on the timing and venue of the meetings, the Chairman shall, through the secretary of the Board of Directors, send the notice of the meetings specifying the time and venue of the meetings to all directors and chairman of the Supervisory Committee by telex, cable, facsimile, express delivery service, registered mail or by hand. Such notice shall be delivered at least ten days before the meeting.

Such notice shall be in Chinese, and accompanied by the English version when necessary. It shall include the meeting agenda.

All executive directors and external directors must be notified of all important matters to be decided by the Board of Directors within the timeframe provided in this article. Sufficient information shall be

provided and the stipulated procedure shall be strictly abided by. The directors are entitled to demand supplementary documents.

#### Article 132

Notice of a meeting shall be deemed to have been given to any director who attends the meeting without raising any objection to non-receipt of notice before or at the commencement of the meeting.

#### Article 133

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

As to any issue that needs to be passed by the special meeting of the Board of Directors, if the proposed resolution has been distributed in writing to all the members of the Board of Directors, and if the number of the directors who have signed the proposed resolution has reached the quorum required for the passing of the resolution as stipulated in Article 138 of these Articles of Association, a valid resolution can be made accordingly, and no meeting of the Board of Directors is required.

#### Article 134

Meetings of the Board of Directors shall be held only if more than one-half of the directors (including any director under power of attorney) are present.

Each director shall have one vote. Unless otherwise required by the Articles of Association, a resolution of the Board of Directors must be passed by the majority of all the directors of the Company. A resolution of the Board of Directors relating to any connected transaction is subject to the signatures of the independent directors prior to becoming effective.

Where more than one-fourth of the directors or two external directors are of the opinion that the documents for the resolution are insufficient or the ground is unclear, they may propose jointly to postpone the meetings of the Board of Directors or the discussion of certain issues of such meetings, which shall be adopted by the Board of Directors.

Where there is an equality of votes cast both for and against a resolution, the Chairman of the Board of Directors shall have a casting vote.

A director shall not vote for himself or on behalf of any other director on any resolution proposed at the meetings of the Board of Directors where he or she is a interested party of the enterprise involved in the motion submitted to the meeting of the Board of Directors for approval. Such meeting of Board of Directors may be held with more than one-half of the non-interested directors present. The resolution of the meeting of the Board of Directors shall be passed by more than one-half of the non-connected directors. If the number of non-connected directors present at the meetings is less than three, the matter shall be submitted to the general meeting for consideration.

#### Article 135

Directors shall attend the meetings of the Board of Directors in person. Where a director is unable to attend a meeting for any reason, he may appoint another director by a written power of attorney to attend the meeting on his behalf while assuming legal liability independently. The power of attorney shall set out the scope of the authorization.

A director appointed as a representative of another director to attend the meeting shall exercise the rights of a director within the scope of authority conferred by the appointing director. Where 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 right to vote at the meeting.

The appointed representative himself shall be a director, and the appointed shall be differentiated from the appointing director when counting the quorum of the Board of Directors. The appointed director needs not cast all his votes for or against the proposal concurrently. Any termination of such appointment shall be notified to the Company.

#### Article 136

The Board of Directors shall keep minutes of resolutions passed at meetings of the Board of Directors. The minutes shall be signed by both the directors present at the meeting and the person who recorded the minutes. The opinion given by the independent director shall be specified in the minutes. The directors shall be liable for the resolutions of the Board of Directors. If a resolution of the Board of Directors violates the law, administrative regulation or the Company's Articles of Association,

and the Company suffers serious losses as a result thereof, the directors who participated in the passing of such resolution shall compensate the Company therefor. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be released from such liability. However, a director who abstains from voting or fails to attend the meeting in person or by proxy or a director who objects in the discussion but does not expressly make dissenting vote shall not be released from such liability.

The minutes of the meeting of the Board of Directors shall contain:

- (1) the date and place, and the name of the convenor of the meeting;
- (2) the names of directors present in person and directors (or proxy) present under power of attorney at the meeting;
- (3) the agenda of the meeting;
- (4) the main points of speeches of the directors;
- (5) the voting method and poll result for each resolution (the numbers of votes for , against and abstained shall be clearly indicated).

Proposed resolution in writing may be used to substitute the meeting of the Board of Directors, and that proposed resolution shall be integral and comprehensive, and shall be delivered to every member of the Board of Directors by hand (including by courier), by facsimile or by mail. If the proposed resolution has been circulated to all the members of the Board of Directors, if the number of the directors who have signed the resolution has reached that required for the decision-making, and if the same has been submitted to the secretary of the Board of the Directors in the above manner, the resolution of the Board of Directors shall be deemed to have been made accordingly, and no meeting of the Board of Directors is required.

The minutes of the meetings of the Board of Directors shall be kept and maintained as records of the Company for a period of ten years.

#### Article 137

The resolution in writing signed by all the directors shall be deemed as of the same effect with the resolution passed by the meeting of Board of Directors. That resolution in writing may comprise a certain number of the counterparts in one form of one document, and each counterpart shall be signed by one or more directors. A resolution

signed by the directors and sent by mail, by facsimile or by hand to the Company, and a resolution with the directors' signatures and sent by telegraph or by teleprinting to the Company shall be deemed as a document signed by such directors.

The Board of Directors may set up a committee or working group composed of two or more directors from time to time, and such committee or working group may be authorized to excise part of the powers, duties and discretionary powers of the Board of Directors. All the committees and working groups shall work within the scope of authorization by the Board of Directors, and comply with the regulations stipulated by the Board of Directors from time to time. The Board of Directors may at its discretion dismiss such committees or working groups or change the scope of the authorization.

The quorum of the meetings of such committees or working groups of the Board of Directors shall be the higher of two (2) or half of the members. The provisions on the meeting procedure and the minutes stipulated from Article 135 of these Articles of Association to this article are also applicable to such committees and working groups, unless those provisions have been replaced by regulations stipulated by the Board of Directors in accordance with preceding paragraph.

#### Article 138

Unless otherwise stipulated by the Board of Directors, the general manager and supervisor(s) who are not the directors may attend the meetings of the Board of Directors without voting rights, and are entitled to receive the notice and the relevant documents for such meetings.

The reasonable expense for the directors to attend the meetings of the Board of Directors shall be assumed by the Company, which include the expense for the transportation from the residence of the director to the venue (which, in case, is different from the residence of the director), board and lodging during such meetings, the rent of the venue, and the local transportation fee.

### **Chapter 11 Secretary of the Board of Directors**

#### Article 139

The Company shall have one (1) secretary of the Board of Directors. The secretary shall be a senior officer of the Company.



Article 140

The secretary of the Company's Board of Directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board of Directors. The secretary shall serve for a term of three (3) years, which is renewable upon re-appointment.

The primary tasks of the secretary of the Company's Board of Directors are to

- (1) assist the directors to handle the daily work of the Board of Directors, and constantly provide the directors with the laws, regulations and requirements of the domestic or overseas regulatory organs, remind them of and ensure their knowledge of such laws, regulations and requirements; to assist the directors and managers to act in accordance with the domestic and overseas laws, regulations, the Company's Articles of Association and other rules;
- (2) take charge of the organization and preparation of the documents for the meetings of the Board of Directors, shareholders' general meetings, and keep minutes for such meetings; to ensure that the resolutions of such meetings comply with the legal procedure, staying aware of the implement situation of the resolutions of the Board of Directors;
- (3) take charge of the organization and coordination of the information disclosure, coordinate the relationship with the investors, and increase the transparency of the Company;
- (4) participate and organize the financing in the capital market; and
- (5) handle the relationship with the intermediary agencies, the supervisory authorities and the media.

The responsibilities of the secretary of the Company's Board of Directors are to

- (1) organize and prepare the meetings of the Board of Directors and the shareholders' general meetings, prepare the documents for such meetings, arrange relevant affairs for such meetings, and take charge of the minutes of such meetings and ensure the veracity of such minutes; keep the documents and record of such meetings, stay aware of the implementation of the resolutions of such meetings; report and give advice to the Board of Directors;

- (2) ensure that the important resolutions of the Company would be carried out strictly in accordance with the stipulated procedure, participate in the consultation and analysis of the relevant affairs of the resolution by the Board of Directors, and give opinion and advice; be entrusted to handle the daily work of the Board of Directors and its commissions;
- (3) as the coordinator between the company and the securities regulatory authorities, take charge of the preparation and submission without any delay of the documents required by the regulatory authorities; accept and organize the completion of the work assigned by the regulatory authorities;
- (4) coordinate and organize the information disclosure of the company, establish a sound information disclosure system, attend all meetings related to the information disclosure, and be aware of the information concerning the important business plan and relevant documents on a timely basis;
- (5) take charge of the confidentiality of the price-sensitive documents, establish the effective confidential system related to the information disclosure, take necessary remedy in any case the price-sensitive information was given away, and give explanation and declaration without any delay, and inform the supervisory authorities of the place of overseas listing and the China Securities Regulatory Commission;
- (6) coordinate and organize the marketing, coordinate the reception of the visitors, handle the relationship with the investors, maintain in touch with the investors, the intermediary agencies and the media, coordinate answering the questions of the public, ensure that the investors get the information disclosed by the company without any delay. Organize the domestic and overseas promotion activities of the Company, make reports on the marketing, visitor-reception and other activities, and organize the relevant report to the China Securities Regulatory Commission;
- (7) manage and keep the register of shareholders, the register of the directors, the record of the share-holding of the majority shareholders and the directors, and the name list of the stakeholders of the outstanding Company bonds. They may keep the seals of the Company, and establish and improve the administrative measures for the Company seals;

- (8) assist the directors and managers to comply with the domestic and overseas laws and regulations, the Company's Articles of Association and other relevant rules. When being informed of any breaching resolution having been made or to be made by the company, are obliged to warn immediately, and to report honestly to the China Securities Regulatory Commission and other securities regulatory authorities;
- (9) coordinate providing the Supervision Board and other auditing organs with the information and documents for their supervision duty, assist the investigation for the discharge of fiduciary duty of the chief financial officer, the directors and the managers; and
- (10) other duties and powers empowered by the Board of Directors and as required by the place of overseas listing.

#### Article 141

A director or other senior officer of the Company may also act as the secretary of the Board of Directors. An accountant of the accounting firm retained by the Company shall not act as the secretary of the Board of Directors.

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

## **Chapter 12 General Manager**

#### Article 142

The Company shall have one general manager. The general manager shall be nominated by the Chairman of the Board of Directors, and shall be appointed or dismissed by the Board of Directors.

The company shall have deputy general managers, chief financial officer and other senior officers to assist the general manager. Deputy general managers, chief financial officer and other senior officers shall be nominated by the general manager, and shall be appointed or dismissed by the Board of Directors.

A member of the Board of Directors may act concurrently as the general manager, deputy general managers, chief financial officer or other senior officers.

The general manager and other senior officers shall serve for a term of three years, subject to re-appointment.

#### Article 143

The general manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

- (1) to be in charge of the Company's production and operation management, to organise and implement the resolutions of the Board of Directors and to report his work to the Board of Directors;
- (2) to organize the implementation of the Company's annual business plan and investment proposals;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to formulate basic rules and regulations for the Company;
- (6) to propose the appointment or dismissal by the Board of Directors of the Company's deputy general manager(s), chief financial officer and other senior officers;
- (7) to appoint or dismiss officers other than those required to be appointed or dismissed by the Board of Directors;
- (8) other powers conferred by the Company's Articles of Association or the Board of Directors.

#### Article 144

The general manager shall attend meetings of the Board of Directors. A general manager who is not a director shall not have any voting rights at board meetings.

#### Article 145

The general manager and deputy general managers and chief financial officer, in

performing their functions and powers, shall act honestly and diligently and in accordance with law, administrative regulation and the Company's Articles of Association.

The general manager and other senior officers may tender their resignations prior to the expiry of their terms of office. The specific procedures and rules in relation to the resignation of the general manager and other senior officers shall be provided for in the labour contracts entered into between such persons and the Company.

In case that the general manager and deputy general managers and chief financial officer intend to resign, a notice in writing shall be submitted to the Board of Directors three months in advance. The notice of the resignation of departmental managers shall be submitted in writing to the general managers two months in advance.

### **Chapter 13 Supervisory Committee**

#### Article 146

The Company shall have a Supervisory Committee.

The Supervisory Committee is the permanent supervising institution of the company, and is accountable to all the shareholders. It supervises the legality of the company finance, and of the directors, general manager and deputy general managers, chief financial officer and other senior officers in their fulfilment of duties, prevent them from abuse of the powers, and safeguard the legal right and interest of the Company and all the shareholders. The Supervisory Committee may independently engage the intermediary agencies for professional consultation.

#### Article 147

The Supervisory Committee shall be composed of three supervisors. One of the members of the Supervisory Committee shall act as the chairman. If the chairman is unable to perform his or her duty, he or she shall designate another supervisor to act in his or her place.

Each supervisor shall serve for a term of three years, which is renewable upon re-election and re-appointment. Supervisors being a shareholder shall be elected or replaced by the shareholders' general meeting, and those from workers and staff shall be appointed or replaced through democratic election by the workers and staff of the Company.

The appointment or removal of the chairman of the Supervisory Committee shall be approved by the votes of two-thirds or more of the members of the Supervisory Committee.

#### Article 148

The Supervisory Committee shall be comprised of three supervisors, with one representing the employees of the Company, and two independent supervisors. The supervisors representing the shareholders shall be elected or removed by the shareholders in general meetings, and the supervisor representing the employees of the Company shall be elected or removed by the employees through democratic procedure.

In case of the reelection of the Supervisory Committee, more than half of the supervisors shall be external supervisors (referring to supervisors who do not hold a post in the company), and at least two independent supervisors (referring to supervisors who are independent from the directors and do not hold a post in the Company) shall be maintained. The external supervisors shall independently report to the shareholders' general meeting on the integrity and due diligence performance of the senior officers of the company.

Any supervisor who fails to attend two consecutive meetings of the Supervisory Committee in person shall be considered unable to perform his duty, and shall be dismissed by the shareholders' general meeting or the congress of staff and workers.

#### Article 149

The directors, general manager, deputy general managers, chief financial officer and other senior officers of the Company shall not act concurrently as supervisors.

#### Article 150

Where the term of office of a supervisor expires but re-election is not made accordingly or if any supervisor resigns during his term of office resulting in the number of members of the Supervisory Committee being less than the quorum, the said supervisor shall continue to discharge his/her duties as a supervisor pursuant to the provisions of the laws, administrative regulations and the Articles of Association until a newly elected supervisor takes office.

#### Article 151

The supervisors shall warrant that the information disclosed by the Company are true, accurate and complete.

#### Article 152

Meetings of the Supervisory Committee shall be held at least every six months, and called by the chairman of the Supervisory Committee. The supervisors may propose to hold an extraordinary meeting of the Supervisory Committee.

#### Article 153

The Supervisory Committee shall be accountable to the general meeting, and shall exercise the following duties and functions in accordance with law:

- (1) to review regular reports of the Company prepared by the Board of Directors and to issue written review opinion accordingly;
- (2) to inspect the Company's finance;
- (3) to oversee the Company's directors, president and other senior officers for any contravention of laws, administrative regulations, the Articles of Association or any resolutions of general meeting in performing their duties for the Company, and to propose to remove such directors, president and other senior officers;
- (4) if any act of the Company's directors, president, and other senior officers is detrimental to the interests of the Company, to demand them to rectify accordingly;
- (5) to examine and review financial information, such as financial reports, business reports and profit allocation proposals, proposed to the general meeting by the Board of Directors, and to engage a certified public accountant or a practising auditor in the name of the Company to assist in the review where there is any query;
- (6) to propose the holding of an extraordinary general meetings and, in the event that the Board of Directors fails to discharge its duties to hold and preside over the general meeting in accordance with the provisions of the Company Law, to hold and preside over the general meetings;

- (7) to negotiate with the Directors on behalf of the Company and initiate legal proceedings against the directors, president and senior officers pursuant to the provisions of Article 152 of the Company Law;
- (8) to submit motions to the general meeting;
- (9) where there is any abnormality in the Company's operations, to conduct investigations accordingly;
- (10) other duties and functions specified in the Articles of Association.

Supervisors shall attend meetings of the Board of Directors and raise inquiries or give advice in relation to the resolutions of the Board of Directors.

#### Article 154

The Supervisory Committee shall discuss the proposals through vote by open ballot.

Meetings of the Supervisory Committee shall be held when more than three supervisors are present. Resolutions of the Supervisory Committee shall be passed by the affirmative vote of two-thirds or more of all of its members.

The Supervisory Committee shall keep minutes in respect of the resolutions passed at the meeting and the supervisors present shall sign the minutes.

Supervisors shall have the right to request that certain explanations in his/her speech at the meeting be recorded in the minutes. Minutes of the supervisory committee shall be kept and maintained as files of the Company for at least ten years.

Where a supervisor is unable to attend a meeting for any reason, he may appoint another supervisor to attend the meeting on his behalf in writing, and the scope of the authorization shall be set out in the proxy

#### Article 155

All reasonable fees incurred in the employment of professionals (such as lawyers, certified public accountants or practising auditors) that are required by the Supervisory Committee in the exercise of its functions and powers shall be borne by the Company.

The reasonable expense for the supervisors to attend the meetings of the Supervisory



Committee shall be assumed by the company, which include the expense for the transportation from the residence of the supervisors to the venue (which, in case, is different from the residence of the director), board and lodging during such meetings, the rent of the venue, and the local transportation fee.

#### Article 156

A supervisor shall carry out his supervisory duties honestly and faithfully in accordance with law, administrative regulation and the Company's Articles of Association.

### **Chapter 14 Qualifications and Duties of the Directors, Supervisors, General Manager, Deputy General Managers, Chief Financial Officer and other Senior Officers of the Company**

#### Article 157

A person may not serve as a director, supervisor, general manager, deputy general manager, chief financial officer or any other senior officer of the Company if any of the following circumstances apply:

- (1) the person does not have or has limited capacity for civil conduct;
- (2) the person has been sentenced for corruption, bribery, expropriation of property or misappropriation of property or other crimes which destroy the social economic order, where less than a term of five (5) years has lapsed since the sentence was served, or the person has been deprived of his political rights and not more than five (5) years have lapsed since the sentence was served;
- (3) the person is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation as a result of mismanagement and was personally liable for the winding up of such company or enterprise, where less than three (3) years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (4) the person is a former legal representative of a company or enterprise the business license of which was revoked due to violation of law and is personally liable therefor, where less than three (3) years have elapsed since the date of the revocation of the business license;

- (5) the person has a relatively large amount of debts which have become overdue;
- (6) the person is currently under investigation by judicial organs for violation of criminal law;
- (7) the person, according to laws and administrative regulations, cannot act as a leader of an enterprise;
- (8) the person is other than a natural person;
- (9) the person has been convicted by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where not more than five (5) years have lapsed from the date of such conviction.

#### Article 158

Unless otherwise required by the Articles of Association or legally authorised by the Board of Directors, any director shall not act on behalf of the Company or the Board of Directors in his own name. Where a director is acting in his own name, and a third party reasonably considers that the director is acting on behalf of the Company or the Board of Directors, he shall declare his position and capacity in advance.

#### Article 159

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

#### Article 160

In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which shares of the Company are listed, each of the Company's directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers owes a duty to each shareholder, in the exercise of the functions and powers entrusted to him by the Company:

- (1) not to cause the Company to exceed the scope of business stipulated in its business license;
- (2) to act honestly and in the best interests of the Company;
- (3) not to expropriate the Company's property in any way, including (without limitation) usurpation of opportunities which benefit the Company;
- (4) Not to expropriate the individual rights of shareholders, including (without limitation) rights to distributions and voting rights, save and except pursuant to a restructuring of the Company which has been submitted to a shareholders' general meeting for approval in accordance with the Company's Articles of Association.

#### Article 161

Each of the Company's directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers owes a duty, in the exercise of his rights and in the discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

#### Article 162

Each of the Company's directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers shall perform his duties in accordance with fiduciary principles; and shall not put himself in a position where his duty and his interest may conflict. These principles include (without limitation):

- (1) to act honestly in the best interest of the Company;
- (2) to act within the scope of its powers and not to exceed such powers;
- (3) to exercise his discretionary power in person without being subject to the manipulations of other persons, and not to transfer such power to other persons unless permitted by law or administrative regulation or approved by the shareholders' general meeting with full knowledge;
- (4) to treat shareholders of the same class with equality, and different classes with fairness;

- (5) not to enter into contracts or conduct transactions or make arrangements with the Company unless otherwise provided by the Company's Articles of Association or approved by the shareholders' general meeting with full knowledge;
- (6) not to employ the Company's property in any way so as to pursue interests for himself unless approved by the shareholders' general meeting with full knowledge;
- (7) not to accept any bribery or other illegal income by using his powers and position, or expropriate the property of the Company in any manner, including (but not limited to) the opportunities beneficial to the Company;
- (8) not to accept any commission in connection with any transaction of the Company without approval of the shareholders' general meeting with full knowledge;
- (9) to comply with the Company's Articles of Association, perform his duties honestly and faithfully, protect the Company's interests, and not to pursue his personal gain by taking advantage of his powers and positions at the Company;
- (10) not to compete with the Company in any way unless approved by the shareholders' general meeting with full knowledge;
- (11) not to misappropriate the funds of the Company or lend the funds of the Company to other persons, open accounts in his own or another individual's name for deposit of the Company's assets, or use the Company's assets as security for the debts of the shareholders of the Company or other individuals;
- (12) not to divulge the confidential information relating to the Company received during his term of office, unless approved by the shareholders with full knowledge at the general meeting; and not to use such information unless for the purpose of the Company's interests; however, he shall be allowed to disclose such information to a court of law or other governing authorities under the following circumstances:
  - (I) as prescribed by law;
  - (II) as required for the purpose of public interest;

- (III) as required for the purpose of such director's, supervisor's, general manager's, deputy general manager's, chief financial officer's or other senior officers' own interests.

#### Article 163

Directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers of the Company shall not direct the following persons or organizations ("Associates") to engage in activities prohibited for directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers of the Company:

- (1) spouses or underage children of directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers of the Company;
- (2) trustees of directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers of the Company or of such persons as described in sub-paragraph (1) of this Article;
- (3) partners of directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers of the Company or of such persons as described in sub-paragraph (1) or sub-paragraph (2) of this Article;
- (4) company (companies) over which a director, supervisor, general manager, deputy general manager, chief financial officer and any other senior officer of the Company has de facto single control or joint control with such persons as described in sub-paragraph (1), sub-paragraph (2) or sub-paragraph (3) of this Article or other directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers of the Company;
- (5) directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers of the controlled company (companies) referred to in sub-paragraph (4) of this Article.

#### Article 164

The fiduciary duty of a director, supervisor, general manager, deputy general manager,

chief financial officer and any other senior officer of the Company may not necessarily cease upon the conclusion of his term. Their obligations to keep confidential the business secrets of the Company shall survive the conclusion of their terms. The duration of the other obligations and duties shall be determined in accordance with the principle of fairness, taking into account the lapse between the time when he leaves the office and the occurrence of the relevant event, and the circumstances and terms under which his relationship with the Company ended.

#### Article 165

The shareholders with full knowledge of the relevant circumstances may at the general meeting relieve a director, supervisor, general manager, deputy general manager, chief financial officer and other senior officers of the Company of their liability arising from his violation of any specific duty, save for the circumstances described in Article 62 of the Company's Articles of Association.

If any incumbent director falls within the ambit of Article 57 or 58 of the Company Law, and is determined by China Securities Regulatory Commission (hereinafter referred to as "CSRC") as being prohibited from entering the securities markets, the Board of the Company shall immediately terminate the duties of such director from the date of such findings and shall submit a proposal to the general meeting of shareholders for the removal of such director. If any incumbent supervisor falls within the ambit of Article 57 or 58 of the Company Law, and is determined by CSRC as being prohibited from entering the securities markets, the Supervisory Board of the Company shall immediately terminate the duties of such supervisor from the date of such findings and shall submit a proposal to the general meeting of shareholders or the meeting of employee representatives for the removal of such supervisor. If any incumbent manager falls within the ambit of Article 57 or 58 of the Company Law, and is determined by CSRC as being prohibited from entering the securities markets, the Board of the Company shall immediately terminate the duties of such manager from the date of such findings and convene a meeting of the Board for the removal of such manager.

#### Article 166

A director, supervisor, general manager, deputy general manager, chief financial officer and any other senior officer of the Company who directly or indirectly has material interests in contracts, transactions, or arrangements that are being planned or have already been concluded by the Company (save the contracts of employment

between the director, supervisor, general manager, deputy general manager, chief financial officer and any other senior officer and the Company), shall, as soon as possible, disclose to the Board of Directors the nature and extent of his interests, regardless of whether or not the matters at hand require the approval of the Board of Directors.

A director shall not vote on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates (as defined under the Listing Rules) has a material interest nor shall be counted in the quorum present at the meeting, but this prohibition shall not apply to any resolution in relation to any one or more of the following matters under which such director is entitled to vote and be counted in the quorum: (1) provision of any security or indemnity to the director or his associates in respect of any borrowings provided or obligations assumed by him or any of his associates for the benefit of the Company or any of its subsidiaries; or

- (1) provision of any security or indemnity to a third party in respect of liabilities or commitments of the Company or any of its subsidiaries for which the director or any of his associates has, whether alone or jointly, provided, in whole or in part, a guarantee or indemnity or security; or
- (2) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company funds or is interested in for subscription or purchase where the director or any of his associates takes part in or will take part in the underwriting or sub-underwriting of the offer; or
- (3) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company funds or is interested in for subscription or purchase where the director or any of his associates takes part in or will take part in the underwriting or sub-underwriting of the offer; or
- (4) any transaction with any other companies in which the director or any of his associates has no material interests; or
- (5) any proposal or arrangement concerning the benefit of the employees of the Company or any of its subsidiaries, including:
  - (I) the adoption, modification or implementation of any employees' share scheme or any share incentive or share option scheme under which the director or any of his associates may

benefit; or

- (II) the adoption, modification or implementation of common reserve fund or pension, or death or disability allowance scheme;

and that the above schemes relate to the director, his associates and the employees of the Company or its subsidiaries, and do not entitle the director or any of his associates any privilege or advantage which is not generally accorded to such persons to whom the scheme or fund relates; or

- (6) any contract or arrangement in which the director or any of his associates is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his interest in the shares or debentures or other securities of the Company; or
- (7) the contract of liability insurance purchased or renewed for the benefit of directors.

If the director or any of his associates is in aggregate beneficially interested in less than 5% of the issued shares (of any class) or the voting rights of a company other than the Company, or holds less than 5% of the beneficial interests of such issued shares or voting rights through any third company (for the purpose of this article, 5% or more of the interests are regarded as material interests), the director or his associates shall not be considered as having material interests in any transaction involving such company in which the director or any of his associates has interests by his capacity as an employee, officer or shareholder. For the purpose of this Article 166 of the Articles of Association, the word “associates” has the same meaning as defined in the Listing Rules.

Unless the interested directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers of the Company have made such disclosure to the Board of Directors as required by the preceding paragraph of this Article, and the relevant matter has been approved by the Board of Directors at the board’s meeting where such directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers have not been counted as part of the quorum and voted thereat, the Company shall be entitled to cancel such contracts, transactions, or arrangements, except when the other party is a bona fide party without knowledge of the violation of duties on the part of such directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers.



Where the Associates of the directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers of the Company have interests in such contracts, transactions or arrangements, such directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers shall also be deemed to be interested.

#### Article 167

If, prior to the Company's initial consideration of such contracts, transactions, or arrangements referred to in the preceding Article, a director, supervisor, general manager, deputy general manager, chief financial officer and any other senior officer of the Company has submitted a written notice to the Board of Directors, stating that due to the description as stated in the notice, he will have interests in the contracts, transactions, or arrangements to be concluded by the Company in the future, such director, supervisor, general manager, deputy general manager, chief financial officer and any other senior officer shall be deemed to have made the disclosure stipulated by the preceding Article to the extent as described in the notice.

#### Article 168

The Company shall not, in any manner, pay taxes or duties for its directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers.

#### Article 169

The Company shall not directly or indirectly make a loan to or provide a loan guarantee to a director, supervisor, general manager, deputy general manager, chief financial officer and any other senior officer of the Company or of the Company's parent company or any of their respective Associates.

The foregoing shall not apply to the following circumstances:

- (1) the provision by the Company of a loan or a loan guarantee to its subsidiaries;
- (2) the provision by the Company of a loan or a loan guarantee or making any other funds available to any of its directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers to meet expenditures incurred or to be incurred by them

for the purpose of the Company or for the purpose of enabling them to perform their duties properly in accordance with the service contracts approved by the shareholders in a general meeting;

- (3) if the ordinary course of the business of the Company includes the lending of money or the giving of loan guarantees, the Company may make a loan to or provide a loan guarantee to the relevant directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers and their respective Associates, provided that they are on normal commercial terms.

#### Article 170

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

#### Article 171

A guarantee for the repayment of a loan which has been provided by the Company in breach of paragraph 1 of the preceding Article 169 shall not be enforceable against the Company, save in respect of the following circumstances:

- (1) when the loan was provided to an Associate of any of the directors, supervisors, general manager, deputy general managers, chief financial officer and other senior officers of the Company or of the Company's parent company, the lender did not know of the relevant circumstances;
- (2) the collateral provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

#### Article 172

For the purpose of the foregoing provisions of this Chapter, a "guarantee" includes a commitment made or property provided by the guarantor to secure the obligor's performance of his obligations.

Article 173

In addition to the rights and remedies provided by law and administrative regulations when a director, supervisor, general manager, deputy general manager, chief financial officer and any other senior officer of the Company breaches the duties which he owes to the Company, the Company shall be entitled:

- (1) to demand such director, supervisor, general manager, deputy general manager, chief financial officer and other senior officers to compensate for the losses sustained by it as a result of such breach;
- (2) to rescind any contract or transaction which has been entered into between the Company and such director, supervisor, general manager, deputy general manager, chief financial officer and other senior officer or between the Company and a third party, where such party knew or should have known that such director, supervisor, general manager, deputy general manager, chief financial officer and other senior officer representing the Company was in breach of his duty owed to the Company.
- (3) to demand such director, supervisor, general manager, deputy general manager, chief financial officer and other senior officer to surrender the profits made as result of the breach of his duty;
- (4) to recover any money which shall have been received by the Company but were received by such director, supervisor, general manager, deputy general manager, chief financial officer and other senior officer instead, including (without limitation) any commissions;
- (5) to demand repayment of interest earned or to be earned by such director, supervisor, general manager, deputy general manager, chief financial officer and other senior officer on moneys which shall have been received by the Company.

Article 174

The Company shall, with the prior approval of the shareholders' general meeting, enter into a contract in writing with a director or supervisor wherein his emoluments are stipulated. The aforesaid emoluments may include:

- (1) emoluments in respect of his service as director, supervisor or senior officer of the Company;

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

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

#### Article 175

Contracts made between the Company and its directors or supervisors on emoluments shall provide that in the event that the Company is to be acquired by others, the Company's directors and supervisors shall, subject to the prior approval of shareholders in a general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. For the purposes of this paragraph, the acquisition of the Company includes any of the following:

- (1) a tender offer made by any person to all the shareholders;
- (2) a tender offer made by any person with a view to becoming a "controlling shareholder" within the meaning of Article 63 in the Company's Articles of Association.

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

#### Article 176

Where a director, supervisor, president or other senior officer is in contravention of the provisions of any laws, administrative regulations, departmental rules or the Articles of Association in discharging his duties and causes losses to the Company, he shall bear the liability of compensation thereon.

## **Chapter 15 Financial and Accounting Systems and Profit Distribution**

### Article 177

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

### Article 178

The fiscal year of the Company shall coincide with the Gregorian calendar year, i.e., every fiscal year shall start from January 1 to December 31. A financial report shall be made at the end of each fiscal year, which shall be examined and verified according to the law. Financial reports of the Company shall comprise the following financial statements and schedules:

- (1) Balance sheet;
- (2) Income statement;
- (3) Cash flow statement;
- (4) Profit appropriation statement.

The Company adopts RMB as its functional currency.

### Article 179

The Board of Directors of the Company shall present to the shareholders, at every annual general meeting, such financial reports which the relevant laws, administrative regulations and directives promulgated by local government and competent authorities require the Company to prepare.

### Article 180

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

The Company shall deliver such reports to each shareholder of Overseas-Listed H

Shares by prepaid mail at the address registered in the register of shareholders not later than twenty-one days before the date of every annual general meeting of the shareholders.

#### Article 181

The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and legal requirements. Besides, the Company may also adopt the international accounting standards or the local accounting standards of the place where the Company is listed to prepare its financial statements if deemed necessary by the Company. Any significant discrepancies between the financial statements prepared in accordance with the two sets of accounting standards shall be explicitly stated in the notes to the financial statements. Profit distribution of the Company for a particular financial year shall be based on the lesser of the profit after taxation stated in the two sets of financial statements.

Interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and legal requirements. Besides, the Company may also adopt the international accounting standards or the local accounting standards of the place where the Company is listed if deemed necessary by the Company.

#### Article 182

The Company shall submit its annual financial and accounting report to the securities regulatory authorities of the State Council and the stock exchanges within four months from the end of each accounting year and the interim financial and accounting report to the branch of the securities regulatory authorities of the State Council and the stock exchanges within two months from the end of the first six months of each accounting year; and the quarterly financial and accounting report to the branch of securities regulatory authorities of the State Council, and the stock exchanges within one month from the end of the first three months and the first nine months of each accounting year.

The aforesaid financial and accounting reports shall be prepared and announced in accordance with the provisions of relevant laws, administrative regulations and departmental rules.

Article 183

The Company shall not keep financial accounts other than those required by law.

Article 184

The Company shall set up an internal audit system, and full-time auditors shall be assigned to carry out internal audit on the financial income and expenses and the business activities of the Company.

The internal audit system and the powers and duties of the auditors shall be approved by the Board of Directors. The chief auditor shall be accountable to and report on its work to the Board of Directors.

Article 185

The Company's after-tax profit shall be allocated in accordance with the following order:

- (1) compensation of losses;
- (2) allocation of ten percent of the after-tax profits calculated on PRC accounting principles to the statutory common reserve fund;
- (3) allocation to the discretionary common reserve fund as approved by resolution of the shareholders' general meeting;
- (4) payment of dividend in respect of ordinary shares.

The shares in the Company held by the Company shall not be eligible for profit allocation.

When the aggregate balance in the statutory common reserve fund is up to fifty per cent of the registered capital of the Company, the Company needs not make any further allocations to that fund. The Company's Board of Directors shall determine the specific proportions of the profit distribution stipulated in sub-paragraph (3) and sub-paragraph (4) of this Article in accordance with the laws and administrative regulations and the operation situation and development need of the Company. Such proportion shall be approved by the shareholders' general meetings.

The Company shall not allocate dividend or carry out other allocations in the form of

bonuses before the Company has compensated for its losses and made allocations to the statutory common reserve fund.

#### Article 186

The capital reserve fund includes the following items:

- (1) any premium received from share issuances above par;
- (2) any other income designated for the capital reserve fund by regulation of the finance regulatory department of the State Council.

#### Article 187

The common reserve fund of the Company shall be applied for the following purposes only:

- (1) to cover losses;
- (2) to expand the Company's scale of production and operation;
- (3) to convert the common reserve fund into capital in order to increase its capital. The Company may convert its common reserve fund into capital by resolution approved by shareholders in a general meeting. When such conversion takes place, the Company shall either distribute new shares in proportion to the existing holding of shares, or increase the par value of each share, provided, however, that when the statutory common reserve fund is converted to capital, the balance of the statutory common reserve fund may not fall below 25% of the registered capital.

However, the capital reserve fund shall not be used to recover losses of the Company.

#### Article 188

Dividend of the Company shall be decided by an ordinary resolution at shareholders' general meeting. After adoption of the resolution on profit distribution, the Board of Directors shall complete the distribution of the dividend (or shares) within two months after the shareholders' general meeting.



As regards dividends, any amount paid up in advance of calls on any Share may carry interest but shall not entitle the holder of the Share to participate in respect thereof in a dividend subsequently declared.

The right to forfeit unclaimed dividends shall not be exercised until the expiration of the applicable time limit.

#### Article 189

The profit distribution policies and decision-making procedures and systems of the Company are as follows:

##### (I) Profit distribution policy:

The Company shall adopt a continuous and steady profit distribution policy with an emphasis on providing reasonable investment return to its investors and maintaining the sustainable development of the Company.

##### (II) Means of profit distribution:

The Company shall distribute its distributable profits on an annual basis and may distribute interim dividend. It may distribute profit by means of cash, shares or a combination of cash and shares. If the Company satisfies the conditions for cash dividends, priority shall be given to profit distribution by means of cash dividends.

##### 1. Distribution of cash dividend:

The Company shall not distribute dividends in cash unless it satisfies the following conditions:

(1) The current profit of the Company distributable to the shareholders (i.e. profits after tax of the Company after making up losses and setting aside reserves) shall be positive;

(2) The auditors have issued an audit report with unqualified audit opinions on the current financial report of the Company.

If the Shareholders and the companies controlled by the Shareholders of the Company misappropriate the fund of the Company, the Company shall directly deduct and repay such funds at the time of distributing cash dividends.

The profit distributed in cash by the Company shall not be less than 10% of its

distributable profits of the year, and the cumulative profit distributed in cash in any three consecutive financial years shall not be less than 30% of the average distributable profit of the Company for such three years.

When determining the exact amount of profit to be distributed in cash, the Company shall fully consider the impact of the future business and investment activities, and shall pay great attention to the social funding cost, bank loans and debt financing environment, so as to ensure that the distribution plan is in line with the interests of all Shareholders. The Board of Directors may propose to distribute interim cash dividend according to its capital requirements and profitability.

The Board of Directors of the Company shall comprehensively take account of the features of the industry where the Company operates, its stage of development, its own business model, and profitability and the factors such as whether there is significant capital expenditure arrangement in distinguishing the following situations and form different cash dividend distribution proposals in accordance with the procedures as stipulated in the Articles of Association:

(1) If the Company is in a mature development stage without significant capital expenditure, the minimum percentage of cash dividend in this profit distribution shall be 80%;

(2) If the Company is in a mature development stage with significant capital expenditure, the minimum percentage of cash dividend in this profit distribution shall be 40%;

(3) If the Company is in a growing development stage with significant capital expenditure, the minimum percentage of cash dividend in this profit distribution shall be 20%.

If the development stage of the Company with significant capital expenditure cannot be easily distinguished, cash dividends shall be distributed according to the requirement mentioned above.

## 2. Other forms of dividend distribution

Without jeopardizing the reasonable share capital and shareholding structure, the Company may distribute dividends in shares or the combination of dividends in shares and cash dividends when the valuation of its shares is at a reasonable level with a view to providing investment return to its shareholders and sharing its corporate value. Proposal on share distribution shall be passed by the Board of Directors of the Company before submitting to the shareholders' general meeting for approval.

(III) Decision-making mechanism and procedures of profit distribution:

1. The profit distribution policy and the dividend distribution proposal of the Company shall be prepared, considered and passed by the Board of Directors before submitting to the shareholders' general meeting for approval. Independent directors shall explicitly give their views on cash dividend distribution proposal of the Company.

2. When formulating cash dividends distribution plan of the Company, the Board of Directors shall fully take into account the timing, conditions and minimum ratio, conditions for adjustment and decision-making procedures. The independent Directors shall explicitly give their views. The independent Directors shall seek the opinions of the minority shareholders, prepare a dividend distribution proposal accordingly and present it directly to the Board of Directors for consideration.

3. If the Board does not propose any cash dividends distribution plan for any profit-making year, the Board shall explain the reason, the use of undistributed profit and relevant plan in details and independent Directors shall give independent opinions in this regards and make disclosure as soon as practicable. After the approval of the Board, any profit distribution plan shall be explained by the Board to the Shareholders' general meeting and shall be subject to the consideration and approval at the Shareholders' general meeting.

4. The Company shall disclose the implementation of profit distribution plan and cash dividends distribution policies in its annual report and interim report in accordance with relevant regulations. If the Company does not propose any cash dividends distribution plan for any profit-making year, it shall explain the reason, the use of undistributed profit and relevant plan in its annual report in details.

5. Prior to the consideration of cash dividends distribution plan at the Shareholders' general meeting, the Company shall proactively communicate with its Shareholders, in particular, minority Shareholders, through various channels to receive opinions and request of those minority Shareholders and respond to their concerns in a timely manner.

When considering cash dividends distribution plan at the Shareholders' general meeting, the Company shall effectively protect the public shareholders' rights to attend the Shareholders' general meeting, and the Board of Directors, independent Directors and qualified Shareholders may gather voting rights at the Shareholders' general meeting. When considering the cash dividends distribution plan at the Shareholders' general meeting, besides receiving Shareholders' opinion at the meeting, the Company shall proactively communicate with Shareholders, in particular, minority Shareholders, through various channels (including hotlines and investors

communication platform), in order to receive opinions and request of those minority Shareholders and respond to their concerns in a timely manner.

6. The profit distribution plan submitted by the Board of Directors pursuant to these Articles shall be subject to the approval by majority of Shareholders with voting rights at the Shareholders' general meeting.

7. The Supervisory Committee shall supervise the implementation and decision-making procedure in relation to the profit distribution policies and profit distribution plan to Shareholders of the Board of Directors and management of the Company.

(IV) Adjustments and changes to the profit distribution policy:

If the Company adjusts or changes its profit distribution policy in response to the economic environment or its operations, the adjusted or changed profit distribution policy shall comply with the relevant requirements of the CSRC and stock exchanges. Any proposed adjustments or changes to the profit distribution policy and any proposal that no profit distribution proposal of the relevant year can be formulated in accordance with the existing cash profit distribution policy shall be considered and passed by the Board of Directors of the Company before submitting to the shareholders' general meeting for approval. Such proposals shall be passed by more than two-thirds of voting rights held by the shareholders present at such shareholders' general meeting. When the above proposals are being considered at the meetings of the Board of Directors, independent Directors shall explicitly give their views on the above proposals.

Article 190

The Company shall calculate, declare and pay dividend and other amounts which are payable to holders of Domestic Shares in Renminbi. The Company shall calculate and declare dividend and other payments which are payable to holders of H shares in Renminbi, and shall pay such amounts in the Hong Kong dollar.

The company is entitled to forfeit unclaimed dividend after the expiration of any applicable time limit.

Article 191

The Company shall pay dividend and other amounts to holders of H Shares in accordance with the relevant foreign exchange control regulations of the PRC. If there is no applicable regulation, the applicable exchange rate shall be the closing rate for

the relevant foreign currency announced by the Peoples' Bank of China on the day before the dividend and other amounts are declared.

#### Article 192

The Company shall appoint receiving agents for the holders of the Overseas-Listed H Shares. Such receiving agents shall on behalf of relevant holders receive dividend of the Overseas-Listed H shares and all other amounts payable to such shareholders.

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

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

#### Article 193

As for dividend warrants sent by mail to the shareholders, the Company is entitled to stop sending such dividend warrants if they have been left uncashed on two consecutive occasions. Such power may, however, be exercised by the Company after the first occasion on which such a warrant is returned delivered.

The Company is entitled to sell the shares of the shareholders who are untraceable in the following situations:

- (1) the Company has distributed dividends at least 3 times in respect of such shares within 12 years, but that no one has claimed for such dividends.
- (2) The Company, on expiry of the 12 years, gives notice of its intention to sell the shares by way of an announcement published in the newspapers and notifies the Hong Kong Stock Exchange of such intention.

#### Article 194

Provided that the relevant laws and regulations of the PRC are complied with, in case the dividend remains unclaimed for 6 years or more since the date of declaration of the dividend, the Company is entitled to forfeit such dividend.

#### Article 195

The Company shall establish an internal audit system and appoint professional audit staff in order to carry out internal audit and supervision over the financial income and expenses and economic activities of the Company.

The internal audit system and the duties of audit staff shall be subject to approval by the Board of Directors. The person responsible for internal audit shall be accountable and report his work to the Board of Directors.

### **Chapter 16 Engagement of Auditors**

#### Article 196

The Company shall engage an independent accounting firm that meets the relevant requirements of the state to audit the Company's annual report and review the Company's other financial reports.

The first accounting firm shall be appointed by the shareholders' general meeting. The term of the accounting firm shall end upon the conclusion of the immediately following annual general meeting.

If the shareholders' general meeting does not exercise the powers under the preceding paragraph, the Board of Directors shall exercise those powers.

#### Article 197

The term of engagement of the certified public accountants' firm shall commence from the expiry of this annual general meeting until the expiry of the next annual general meeting, which is renewable upon re-appointment.

#### Article 198

The auditors engaged by the Company shall enjoy the following rights:

- (1) a right to inspect the books, records and vouchers of the Company at any time, the right to require the directors, general manager, deputy general managers, chief financial officer and other senior officers of the Company to supply relevant information and explanations;

- (2) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanations as are necessary for the discharge of its duties;
- (3) a right to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to be heard at any such meeting which it attends on any part of the business of the meeting which concerns it as the Company's accounting firm.

#### Article 199

If there is a vacancy in the position of auditor of the Company, the Board of Directors may engage an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accounting firm which has been engaged by the Company may continue to act during the period during which a vacancy exists.

#### Article 200

The shareholders in a general meeting may by ordinary resolution remove the Company's auditor before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the auditor. However, the accounting firm's right to claim for damages which arises from its removal shall not be affected thereby.

#### Article 201

The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in a general meeting. The remuneration of an accounting firm engaged by the Board of Directors shall be determined by the Board of Directors.

#### Article 202

The Company's engagement, removal or discontinuance of engagement of an accounting firm shall be resolved by the shareholders in a general meeting, and filed with the securities regulatory authorities of the State Council.

Where a resolution at a general meeting of shareholders is passed to appoint as auditor



a person other than an incumbent auditor, to fill a casual vacancy in the office of auditor, to reappoint as auditor a retiring auditor who was appointed by the Board of Directors to fill a casual vacancy or to remove an auditor before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the appointment or removal proposal shall be sent before notice of meeting is given to the shareholders to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant fiscal year.

For the purpose of this Article, “leaving” includes leaving by removal, resignation and retirement.

- (2) If the auditor leaving its post makes representations in writing and requests the Company to give the shareholders notice of such representation, the Company shall (unless the representations have been received too late) take the following measures:

- (I) In any notice of the resolution given to shareholders, state the fact of the representations having been made; and

- (II) Attach a copy of the representations to the notice and deliver it to the shareholders entitled to notice of general meetings in the manner stipulated in the Company’s Articles of Association.

- (3) If the Company fails to send out the auditor’s representations in the manner set out in sub-paragraph (2) above, such auditor may (in addition to his right to be heard) require that the representations be read out at the shareholders’ general meeting.

- (4) An auditor which is leaving its post shall be entitled to attend the following shareholders’ general meetings:

- (I) The general meeting at which its term of office would otherwise have expired;

- (II) The general meeting at which it is proposed to fill the vacancy caused by its removal; and

- (III) The general meeting convened as a result of its resignation;

and to receive all notices of, and other communications relating to, any such meeting, and to be heard at any such meeting which it attends on

any part of the business of the meeting which concerns it as former auditor of the Company.

#### Article 203

A notice shall be given to the accounting firm in advance if the Company decides to remove such accounting firm or not to renew the appointment thereof. Such accounting firm shall be entitled to make representations at the shareholders' general meeting. Where the accounting firm resigns from its position as the Company's auditors, it shall make clear to the shareholders in a general meeting whether there has been any impropriety on the part of the Company.

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

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

Where a notice is deposited under the preceding sub-paragraph, the Company shall within fourteen days send a copy of the notice to the relevant governing authority. If the notice contains a statement under sub-paragraph (2) above, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every shareholder of H Shares at the address registered in the register of shareholders.

Where the auditor's notice of resignation contains a statement of any circumstances, it may require the Board of Directors to convene a shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

## **Chapter 17 Insurance**

#### Article 204

Any insurance (including the kind of insurance, coverage and insurance period) to be purchased by the Company shall be decided at a meeting of the Board of Directors in

accordance with the relevant insurance laws in China and the guild customs in China and other countries, where the condition of the Company should also be taken into consideration.

## **Chapter 18 Labour and Personnel Management System**

### Article 205

The Company may at its discretion employ and dismiss employees based on the business development needs of the Company and in accordance with the requirements of the laws and administrative regulations of the State.

### Article 206

The Company may formulate its labor and payroll systems and payment methods in accordance with the relevant laws and regulations of the State, the Company's Articles of Association and the economical efficacy of the Company.

### Article 207

The Company shall endeavour to enhance the welfare and benefits of its employees, so as to improve their working conditions and livelihood. The Company shall implement employment contract system. The employment contract between the Company and the employee shall stipulate such issues as the engagement, employment, dismissal, award and punishment, salary, welfare, working discipline, and labor protection of the Company's employee.

### Article 208

The Company shall make allocations to medical, retirement and unemployment insurance funds for its employees and put in place a labour insurance system in accordance with the relevant laws and regulations of the State.

## **Chapter 19 Trade Unions**

### Article 209

According to the Trade Union Law of the People's Republic of China, the Company's

employees may form trade unions and carry on trade union activities to protect their legal rights.

Unless otherwise stipulated by the Board of Directors, all activities organised by the Trade Union shall not be conducted during the regular working time.

The Company shall provide the necessary conditions for such activities, including allocating funds to the trade union as required by the relevant laws.

## **Chapter 20 Merger and Division of the Company**

### Article 210

In the event of the merger or division of the Company, a plan shall be presented by the Company's Board of Directors and shall be approved in accordance with the procedures stipulated in the Company's Articles of Association. The Company shall then go through the relevant approval process. A shareholder who objects to the plan of merger or division shall have the right to demand the Company or the shareholders who consent to the plan of merger or division to acquire such dissenting shareholders' shares at a fair price. The contents of the resolution of merger or division of the Company shall constitute special documents which shall be available for inspection by the shareholders of the Company.

Such special documents shall be sent by mail to holders of H Shares to the address registered in the register of shareholders.

### Article 211

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

In the event of a merger of the Company, each of the parties to the merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days and publish a public announcement in a newspaper within thirty days from the date of the resolution of the Company's merger. Creditors who have received the notice within thirty days from the date of receipt, and who have not received the notice within forty-five days from the date of the announcement, may require the Company to pay off the debts or provide relevant guarantee.

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

#### Article 212

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

In the event of division of the Company, the parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days of the date of the Company's division resolution and shall publish an announcement in a newspaper at least three times within thirty days of the date of the Company's division resolution.

Subsequent to the division, the liabilities of the Company prior to division shall be assumed severally by the companies, save for those otherwise agreed by a written agreement in respect of debts repayment entered into between the Company and the creditors prior to the division.

#### Article 213

The Company shall, in accordance with law, apply for change in its registration with the company registration authority where a change in any item in its registration arises as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

### **Chapter 21 Dissolution and Liquidation**

#### Article 214

The Company shall be dissolved and liquidated in accordance with the law upon the occurrence of any of the following events:

- (1) a resolution for dissolution is passed at a general meeting;
- (2) a dissolution is necessary due to a merger or division of the Company;
- (3) the business license is suspended or revoked, or the Company is

ordered to be closed in accordance with the law; and

- (4) the serious difficulties in the operation and management of the Company cannot be resolved through other means and shareholder's interest will be seriously harmed if the Company continues to exist, shareholders holding more than 10% of the Company's voting rights may petition to the People's Court to dissolve the Company.

#### Article 215

Where the Company is dissolved pursuant to Paragraphs (1), (3) or (4) of the preceding article, a liquidation committee shall be established to commence liquidating the Company within fifteen days from the date of the event. The liquidation committee shall comprise members appointed by the Directors or the general meetings. If the liquidation committee is not established within the time limit, the creditors may apply to the People's Court to designate relevant professionals to establish a liquidation committee to carry out the liquidation.

#### Article 216

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

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

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

#### Article 217

The liquidation committee shall, within ten days of its establishment, send notices to

creditors and shall, within sixty days of its establishment, publish an announcement at least three times in the newspapers.

A creditor shall, within thirty days of receipt of the notice, or for creditors who have not personally received such notice, within ninety days of the date of the first announcement, claim its rights to the liquidation committee. In claiming its rights, the creditor shall provide details about its creditor's rights and supporting documents. The liquidation committee shall register the creditor's rights.

#### Article 218

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

- (1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify the creditors or to publish announcements;
- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay all taxes due and the taxes arising from the liquidation process;
- (5) to settle creditor's rights and debts;
- (6) to deal with the assets remaining after the Company's debts have been repaid;
- (7) to represent the Company in any civil proceedings.

#### Article 219

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

The Company's assets shall be used for repayment in the order required by the laws and regulations and, if there are no applicable laws, they shall be used for repayment in the fair and reasonable order decided by the liquidation committee.

Any assets of the Company remaining after its debts have been repaid in accordance with the provisions of the preceding paragraph shall be distributed to its shareholders according to the class of shares and the proportion of shares held.

During the liquidation period, the Company shall not commence any new business activities.

#### Article 220

In the event of dissolution, if after putting the Company's assets in order and preparing a balance sheet and an inventory of assets in connection with the liquidation of the Company, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the People's Court for a declaration of insolvency.

After the Company is declared insolvent by a ruling of the People's Court, the liquidation committee shall transfer all matters relating to the liquidation to the People's Court.

#### Article 221

Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses and various financial accounts for the liquidation period, which shall be verified by a Chinese registered accountant and submitted to the shareholders' general meeting or the relevant regulatory authority for confirmation.

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

#### Article 222

Members of the liquidation committee shall discharge their duties faithfully, and perform their liquidation obligations according to law.

Members of the liquidation committee shall not take or accept bribes or other illegal gains by taking advantage of their positions, nor encroach upon any property of the Company.



Where members of the liquidation committee intentionally or through gross negligence cause losses to the Company or its creditors, they shall be liable for the damages.

#### Article 223

Where the Company is declared bankrupt in accordance with the law, the bankruptcy or liquidation shall be conducted in accordance with laws of bankruptcy of enterprises.

### **Chapter 22 Procedures for Amendment of the Company's Articles of Association**

#### Article 224

The Company may amend its Articles of Association in accordance with the requirements of law, administrative regulations and the Company's Articles of Association.

#### Article 225

The Company's Articles of Association shall be amended in the following manner:

- (1) The Board of Directors shall propose the resolution on amendment of the Company's Articles of Association;
- (2) The foregoing resolution shall be furnished to the shareholders in writing and a shareholders' meeting shall be convened;
- (3) The amendments shall be approved by votes representing more than two-thirds of the voting rights of the shareholders present at the meeting.

#### Article 226

Amendments of the Company's Articles of Association which involve the contents of the Mandatory Provisions shall become effective upon receipt of the approvals from the securities authority of the State Council and the companies approving department authorized by the State Council. If there is any change relating to the registered

particulars of the Company, application shall be made for change in registration in accordance with law.

## **Chapter 23 Dispute Resolution**

### Article 227

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

- (1) Any disputes or claims arising between holders of the Overseas-Listed H Shares and the Company; holders of the Overseas-Listed H Shares and the Company's directors, supervisors, general manager, deputy general managers, chief financial officer or other senior officers; or holders of the Overseas-Listed H Shares and holders of Domestic Shares, in respect of any rights or obligations arising from these Articles of Association, the Company Law and any other relevant laws and administrative regulations concerning the affairs of the Company shall be submitted for arbitration.

When a dispute or claim of rights referred to in the preceding paragraph is submitted for arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim shall, where such person is the Company, the Company's shareholders, directors, supervisors, general manager, deputy general managers, chief financial officer or other senior officers of the Company, comply with the arbitration.

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

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

If a claimant elects for arbitration to be carried out at Hong Kong International Arbitration Center, any party to the dispute or claim may

apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center.

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

## **Chapter 24 Notices**

### Article 228

The notices, communication or other written materials (including but not limited to annual reports, interim reports, notices of meetings, listing documents, circulars, proxy forms, interim announcements) of the Company shall be sent by the following means:

- (1) by courier;
- (2) by mail;
- (3) by public announcements on newspapers or other media;
- (4) by facsimile or email;
- (5) by publication on the Company's website and the websites of designated stock exchanges in compliance with the law, administrative regulations and relevant requirements of the listed securities regulatory authorities;
- (6) by other means recognised by the securities regulatory authorities at the listing place of the Company's share.

Unless otherwise stipulated in the Articles of Association, the notices, documents, information and written statements to the shareholders shall be delivered by courier (including the express mail) according to the address registered in the shareholder register, or by mail to such shareholders, or by the announcements on the newspapers or periodicals. If the notice is served by mail, the address shall be clearly written on

the envelopes of the letters carrying such notices and the postage pre-paid. Unless otherwise stipulated in this Articles, the shareholders shall be supposed to have received such mails five days after posting. If public announcements are made to deliver such notices, documents, information and written statements, that public announcement shall be made in newspapers publicly circulated in Hong Kong (or the residence of the other shareholders) and/or designated by the securities regulatory authorities, or published on the Company's website and the websites of designated stock exchanges. The shareholders with Hong Kong as the registered address shall be given sufficient time to exercise their rights or act on the provisions in such announcements. Once those announcements are published, all the shareholders shall be supposed to have received such notices, documents, information and written statements.

#### Article 229

When the Company delivers the notices, documents, information or written statements to the shareholders of the Overseas-Listed H shares by mail, the address of such shareholders shall be clearly written, and the postage pre-paid. Such notices, documents, information or written statements shall be sealed in the envelopes and mailed. The shareholders shall be deemed to have received such notices, documents, information and written statements seven (7) days after posting.

If the Company delivers the notice, document, information or written statement to the facsimile number or email address provided by its shareholders by email or facsimile, shareholders are deemed to have received such notices, documents, information or written statement upon successful transmission of the notices, documents, information or written statement.

#### Article 230

Any notices, documents, information or written statements issued by shareholders, directors, or supervisors to the Company shall be delivered by hand (including by the EMS) or sent by registered mail to the legal address of the Company.

#### Article 231

Shareholders, directors or supervisors of the Company who want to prove that certain notices, documents, information or written statements have been sent to the Company shall provide evidential materials showing that such notices, documents, information or written statements have been sent to the Company by hand within designated times,

or by the pre-paid registered mail to the correct address and the notices, documents, information or written statements have been put in to the envelopes or packets.

## **Chapter 25 Supplementary Provisions**

### Article 232

In these Articles of Association, references to “accounting firm” shall have the same meaning as “auditors”, and references to “independent director” shall have the same meaning as “independent non-executive director”.

### Article 233

The newspapers and periodicals referred to in this Articles of Association for the public announcement shall be those prescribed by the relevant laws and administrative regulations. If a public announcement is made to the shareholders of the Overseas-Listed H Shares pursuant to the provisions in this Articles of Association, such announcement shall be made at the Hong Kong Stock Exchange’s website and the Company’s website as required under the “publication on the Stock Exchange’s website” defined in the Listing Rules. If a public announcement is made pursuant to the “publication in newspapers” defined in the Listing Rules, such announcement shall be published in one or more newspapers designated by the Listing Rules and shall contain a statement that the relevant contents are also available at both the Hong Kong Stock Exchange’s website and the Company’s website.

### Article 234

The Company’s Board of Directors shall have the power to interpret these Articles of Association within the scope granted by the laws and the administrative regulations of the PRC.

The Company’s Articles of Association are written in Chinese. If there is any discrepancy between the Chinese version and that in any other languages, the Chinese version shall prevail.

Great Wall Motor Company Limited