

# **ARTICLES OF ASSOCIATION**

**Passed at 2022 First Extraordinary General  
Meeting Held on 27 September 2022**

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## CHAPTER 1 GENERAL PROVISIONS

- Article 1 In order to protect the lawful interests of Chengdu SIWI Science and Technology Company Limited (the “Company”), its shareholders and creditors, and to regulate the organization and activities of the Company, the Articles of Association are formulated in accordance with the Constitution of the Communist Party of China (CPC) (the “Party Constitution”), the Regulations on the Work of Grassroots Organizations of State-owned Enterprises of the Communist Party of China (Trial Implementation), the Company Law of the People’s Republic of China (the “Company Law”), the Special Regulations of the State Council on the Overseas Offer and Listing of Shares by Joint Stock Limited Companies (the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies Listing Overseas, the Guidelines on Articles of Association of Listed Companies, the Letter of Opinions on Supplements and Amendments to the Articles of Association of Companies Listed in Hong Kong, the Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Companies Listed Abroad (Guo Han [2019] No.97), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), and other relevant national requirements.
- The Company was formed upon overall reorganization of Chengdu Cable Plant under the former Ministry of Posts and Telecommunications. The Company was established by way of promotion with the approval of the State Commission for Restructuring the Economic System, as evidenced by the approval document ti gai sheng [1994] No. 107. It was registered with Chengdu Administration for Industry and Commerce and was granted the Company’s business license on 1 October 1994.
- The Uniform Social Credit Code of the Company’s business license is 9151010020193968XY.
- The promoters of the Company: Chengdu Cable Plant of the Ministry of Posts and Telecommunications
- Article 2 The registered Chinese name of the Company: 成都四威科技股份有限公司  
The English name of the Company: Chengdu SIWI Science and Technology Company Limited
- Article 3 The Company’s legal residence: No. 18, Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the PRC  
Postcode: 611731  
Telephone: 86 28 8787 7000  
Facsimile: 86 28 8787 7001
- Article 4 The Company’s legal representative is the Chairman of the Company.
- Article 5 The Company is a legal entity and is governed and protected by Chinese laws.  
The Company is a joint stock limited company in perpetual existence.
- Article 6 The Articles of Association took effect on the date when the Company was established.  
From the date of the Articles of Association becoming effective, the Articles of Association 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 inter se.
- Article 7 The Articles of Association are binding on the Company and its shareholders, Directors, supervisors, managers and other senior management members, all of whom are entitled to claim rights regarding the Company’s affairs in accordance with the Articles of Association.  
The Articles of Association are actionable by a shareholder against the Company and vice versa, by shareholders against each other and by a shareholder against the Directors, supervisors, managers and other senior management members of the Company.  
The actions referred to in the preceding paragraph include court proceedings and arbitration proceedings.
- Article 8 The Company may invest in other limited liability companies and joint stock limited companies, to which the Company shall be liable to the extent of the amount of its capital contribution. As approved by the companies approving department authorized by the State Council, the Company may, in light of operational and administrative needs, operate in the form of a holding company as stated in Article 15 of the Company Law.
- Article 9 The Company shall, in accordance with the Party Constitution and relevant provisions, establish a CPC organization, a working institution of the Party, arrange staff for Party affairs, set up

institutional structures for the Party organization, incorporate staff arrangement into the management structure and corporate arrangement of the Company, include the operating expenses of the Party organization in the Company's budget and charge such expenses to the Company's administration expense. The Party committee of the Company shall play the role of leadership in setting the direction, controlling the overall situation and promoting the implementation, and discuss and decide on important corporate matters in accordance with the provisions.

## CHAPTER 2 PURPOSES AND SCOPE OF BUSINESS

Article 10 The objectives of the Company include: Establishing and developing corporate governance structure and operational management system which are adaptable to the needs of the market economy; Relying on technological advancements and management innovation to further the manufacturing of electronic information and new energy industry products as the main-stream business; and to attend to ancillary business with an aim to achieve continuing expansion of business; Enhancing the comprehensive strength of the Company; Maintaining the sustainable growth of the Company; Providing quality products and services for customers so as to meet the expectation of customers, Company's employees, Company's shareholders and the society.

Article 11 The scope of business of the Company shall be based on the items approved by the company registration authorities.

Scope of business of the Company:

Permitted items: wire and cable manufacturing; entry-exit quarantine arrangement at borders. (Items subject to approval in accordance with the laws shall commence operation with approval obtained from the relevant authorities. Definitive operating items shall be subject to the approval documents or license documents granted by the relevant authorities.)

General items: energy storage technology services; research and development of distribution switchgear and control equipment; research and development of emerging energy technologies; research and development of resource recycling technologies; research and development of online energy monitoring technologies; research and development of wind farms related systems; research and development of electric motors and control systems; manufacturing of new energy generating equipment; research and development of offshore wind power related systems; technical services for solar power generation; manufacturing of generators and generating units; manufacturing of transmission, distribution and control equipment; integration of intelligent control systems; information systems integration services; sale of intelligent transmission, distribution and control equipment; contract energy management; sale of batteries; sale of battery swap facilities for new energy vehicles; sale of photovoltaic equipment and components; sale of electrical accessories of new energy vehicles; wire and cable business; manufacturing of optical fibers; sale of optical fibers; manufacturing of optical cables; sale of optical cables; manufacturing of communications equipment; sale of communications equipment; manufacturing of optical communications equipment; sale of optical communications equipment; manufacturing of equipment for electrical installations; sale of equipment for electrical installations; manufacturing of mechanical and electrical equipment; sale of mechanical and electrical equipment; manufacturing of special equipment for electrical machinery; manufacturing of electronic special materials; manufacturing of specialized equipment (excluding the manufacture of licensed professional equipment); technical services, technology development, technical consultation, technology exchange, technology transfer, technology promotion; import and export of goods; import and export of technology; leasing of non-residential real estates; house leasing; leasing services (excluding licensed leasing services); property management; parking lot services; business management consultation; entrepreneurial space services. (Except for items that are subject to approval in accordance with the laws, the business activities shall be conducted independently with the business licenses in accordance with the laws.)

Article 12 In light of the domestic and international market trends and based on the demand for its domestic and overseas business growth and its development capability, the Company may adjust its investment policies, business scope and form upon approvals by the shareholders' meeting by way of resolution and by relevant government authorities.

### CHAPTER 3 SHARES AND REGISTERED CAPITAL

- Article 13 There must, at all times, be ordinary shares in the Company. Subject to the approval from the companies approving department authorized by the State Council, the Company may issue other classes of shares according to its requirements.
- Article 14 All the shares issued by the Company have a par value of Renminbi 1 yuan each.
- Article 15 Subject to the approval of the securities regulatory authority of the State Council, the Company may issue shares to domestic and foreign investors.  
The foreign investors referred to in the preceding paragraph mean those investors from foreign countries and from the regions of Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company. Domestic investors mean those investors within the territory of the PRC (excluding investors from the regions referred to in the preceding sentence) who subscribe for shares issued by the Company.
- Article 16 Shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as domestic-invested shares. Shares issued by the Company to overseas investors for subscription in foreign currency shall be referred to as foreign-invested shares. Foreign-invested shares which are listed outside the PRC shall be referred to as overseas-listed foreign-invested shares. A holder of domestic-invested shares and a holder of overseas-listed foreign-invested shares are both holders of ordinary shares and shall have the same obligations and rights.  
Approved by securities regulatory authorities under the State Council, the Company's domestic-invested shares may be listed and traded on an overseas stock exchange and converted into overseas-listed foreign-invested shares. Upon conversion of such shares into overseas-listed foreign-invested shares, listing and trading of such shares on overseas stock exchanges shall comply with the regulatory procedure, regulations and requirements of the foreign security markets. The conversion of domestic-invested shares into overseas-listed foreign-invested shares and listing on an overseas stock exchange shall not require the convening of a general meeting or class meeting. The converted overseas-listed foreign-invested shares shall belong to the same class of shares as the existing overseas-listed foreign-invested shares.
- Article 17 As approved by the companies approving department authorized by the State Council, the Company may issue a total of 400 million ordinary shares. The Company issued 240 million shares to its promoter at the time of establishment, all being domestic-invested shares, representing 60% of the total ordinary shares the Company may issue. Such shares are held by Chengdu Siwi Electronic Co., Ltd.
- Article 18 The Company issued 160 million ordinary shares after establishment, all of which are foreign-invested shares listed on the Main Board of The stock exchange of Hong Kong limited (i.e. H shares), representing 40% of the total share capital of the Company.
- Article 19 Upon approval by the securities regulatory authority of the State Council of the proposal for issue of overseas-listed foreign-invested shares and domestic invested shares, the Board of the Company may make implementation arrangements of separate issue.  
The Company's proposal for separate issue of overseas-listed foreign-invested shares and domestic-invested shares pursuant to the preceding paragraph may be implemented within fifteen (15) months from the date of approval by the securities regulatory authority of the State Council.
- Article 20 Where the Company issues overseas-listed foreign-invested shares and domestic-invested shares respectively within the total number of shares as stated in the issuance proposal, the respective shares shall be subscribed for in full at one time. If they cannot be subscribed for in full at one time under special circumstances, these shares may be issued in several issues subject to the approval of the securities regulatory authority of the State Council.
- Article 21 The Company's registered capital is RMB400 million.
- Article 22 The Company may, based on its requirements for operation and development and in accordance with the relevant provisions of the Articles of Association, approve an increase of capital.  
The Company may increase its capital in the following manners:  
  - (1) issuing new shares to non-specified investors;
  - (2) placing new shares to its existing shareholders;
  - (3) distributing bonus shares to its existing shareholders;
  - (4) other methods as permitted by laws and administrative regulations.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations.

Article 23

- (1) Unless otherwise provided by laws and administrative regulations, fully-paid-up shares of the Company are freely transferable and are not subject to any lien;
- (2) Subject to compliance with the requirement of the Articles of Association, any shareholder may transfer all or part of his/her shares by instruments of transfer in an ordinary or usual form or in any other form acceptable to the board of directors signed by hand or in a machine-imprinted format;
- (3) All Company's issuance or transfer of overseas-listed foreign shares in the Stock Exchange shall be registered in the Company's register of members of overseas listed foreign shares in accordance with Article 38 of the Article;
- (4) No shares shall be transferred to minors or persons with unsound mind or legally incompetent persons;
- (5) The Board may refuse to recognize any instrument of transfer unless:
  - (a) the lower of the relevant transfer fees which are provided by the Hong Kong Stock Exchange or which the board of directors of the Company may charge at other time have been paid;
  - (b) the instrument of transfer involves only the overseas-listed foreign-invested shares;
  - (c) the instrument of transfer has been duly stamped with payment of stamp duty.; and
  - (d) if the shares are to be transferred to joint holders, the number of such joint holders shall not exceed four.

## CHAPTER 4 REDUCTION OF CAPITAL AND REPURCHASE OF SHARES

Article 24 In accordance with the provisions of the Articles of Association, the Company may reduce its registered capital.

Article 25 The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within ten (10) days from the date of the Company's resolution on reduction of capital and shall publish at least three separate announcements in the newspaper within thirty (30) days from the date of such resolution. A creditor has the right, within thirty days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within forty-five (45) days from the date of the announcement, to require the Company to repay its debt or provide a corresponding guarantee for such debt.

The registered share capital of the Company following the reduction of capital shall not fall below the minimum statutory requirement.

Article 26 The Company may, after going through the procedures provided in the Articles of Association, and subject to the approval of the relevant governing authority of the State, repurchase its issued shares under the following circumstances:

- (1) to reduce its registered capital;
- (2) to merge with another company that holds shares in the Company;
- (3) to grant shares for the purpose of employee' share schemes or as equity incentives;
- (4) to acquire shares held by shareholders (upon their request) who vote against any resolution proposed in any general meeting on the merger or division of the Company;
- (5) to use the shares for conversion of corporate bonds which are convertible into shares issued by the Company;
- (6) such circumstances that are necessary for the Company to safeguard its value and the interests of its shareholders.

Any repurchase of shares by the Company due to the circumstances set out in items (1) and (2) above shall be approved by the shareholders of the Company in a general meeting; any repurchase of shares by the Company due to the circumstances set out in items (3), (5) and (6) above may be resolved by more than two-thirds of directors present at a meeting of the board of directors in accordance with the provisions of the Articles of Association or the authorization of the general meeting.

After the Company repurchases its shares in accordance with the first paragraph of this Article, it shall, in the case of item (1), cancel such repurchased shares within ten (10) days of the repurchase; in the case of items (2) and (4), shall within six (6) months of the repurchase either transfer such repurchased shares or cancel such repurchased shares; in the case of items (3), (5) and (6), the total shares of the Company held by the Company shall not exceed 10% of its total amount of the issued shares and shall within three (3) years of the repurchase either transfer such repurchased shares or cancel such repurchased shares.

For any repurchase of its shares by the Company, the obligation of information disclosure shall be fulfilled in accordance with the provisions of the Securities Law of the People's Republic of China. If the Company repurchases its shares in the situations set out under items (3), (5) and (6) of the first paragraph of this Article, the repurchase shall be conducted through public and centralized trading.

The Company shall not accept any shares of the Company as the subject of a pledge.

Article 27 The Company may, with the approval of the relevant governing authority of the State for repurchasing its shares, conduct the repurchase in one of the following manners:

- (1) to make a pro rata general offer of repurchase to all of its shareholders;
- (2) to repurchase shares through public trading on a stock exchange;
- (3) to repurchase through an off-market agreement.

Article 28 Where the Company repurchases its shares through an off-market agreement, it shall seek prior approval of the shareholders at the general meeting in accordance with the Articles of Association. The Company may revoke or vary a contract so entered into by the Company or waive its rights thereunder with prior approval by shareholders at general meeting obtained in the same manner.

The contract to repurchase shares as referred to in the preceding paragraph includes, but not limited to, an agreement to become obliged to repurchase or to acquire the right to repurchase shares.

The Company shall not assign a contract for repurchasing its shares or any of its right thereunder.

Article 29 The amount of the Company's registered share capital shall be reduced by the aggregate par value of those canceled shares.

Article 30 Unless the Company is in the course of liquidation, it must comply with the following provisions in respect of repurchase of its issued shares:

- (I) where the Company repurchases its shares at par value, payment shall be made out of book balance of the distributable profits of the Company or out of proceeds of a fresh issue of shares made for that purpose;
- (II) where the Company repurchases its shares at a premium to their par value, payment up to the par value shall be made out of the book balance of distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
  - (1) if the shares being repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;
  - (2) if the shares being repurchased were issued at a premium to their par value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose, provided that the amount paid out of the proceeds of the fresh issue shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased nor the current amount of the Company's capital reserve account (including the premiums on the fresh issue);
- (III) payment by the Company in consideration of the following shall be made out of the Company's distributable profits:
  - (1) acquisition of rights to repurchase shares of the Company;
  - (2) variation of any contract for repurchasing shares of the Company;
  - (3) release of any of the Company's obligation under any contract for repurchasing its shares.
- (IV) after the Company's registered share capital has been reduced by the total par value of the canceled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value portion of the shares repurchased shall be transferred to the Company's capital reserve account.

## CHAPTER 5 FINANCIAL ASSISTANCE FOR THE ACQUISITION OF SHARES IN THE COMPANY

Article 31 The Company or its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares of the Company. The said acquirer of shares of the Company includes a person who directly or indirectly incurs any obligations due to the acquisition of shares of the Company.

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

This provision does not apply to the circumstances stated in Article 33.

Article 32 The financial assistance referred to in this Chapter includes, (without limitation), the following meanings:

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

The expression "Incurring an obligation" referred to in this Chapter includes the incurring of obligations by the changing of the obligor's financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

Article 33 The following activities shall not be deemed to be activities as prohibited in Article 31:

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interest of the Company, and the principal purpose of giving the financial assistance is not for the acquisition of shares of the Company, or the giving of the financial assistance is an incidental part of a master plan of the Company;
- (2) the lawful distribution of the Company's assets by way of dividend;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure of the Company effected in accordance with the Articles of Association;
- (5) the lending of money by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent
- (6) that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company);
- (7) the provision of money by the Company for contributions to staff and workers' share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company).

## CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

- Article 34 Share certificates of the Company shall be in registered form.  
In addition to those provided in the Company Law, a share certificate of the Company shall also contain any other items required to be specified by the stock exchange(s) on which the shares of the Company are listed.
- Article 35 The share certificates shall be signed by the Chairman. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management members, the share certificates shall also be signed by such senior management members. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The share certificates shall only be affixed with the Company's seal under the authorization of the Board. The signatures of the Chairman of the Company or other relevant senior management members on the share certificates may also be in printed form.
- Article 36 The Company shall keep a register of shareholders, which shall contain the following particulars:  
  - (1) the name, address (residence), occupation or nature of each shareholder;
  - (2) the class and number of shares held by each shareholder;
  - (3) the amount paid-up or payable in respect of shares held by each shareholder;
  - (4) the serial numbers of the shares held by each shareholder;
  - (5) the date on which a person registers as a shareholder;
  - (6) the date on which a person ceases to be a shareholder.  
The register of shareholders shall be the sufficient evidence for the shareholders' shareholding in the Company, except in cases with contrary evidence.
- Article 37 The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain its register of holders of overseas-listed foreign-invested shares outside China and appoint overseas agent(s) to manage such register. The original register of holders of overseas-listed foreign-invested shares listed in Hong Kong shall be maintained in Hong Kong.  
The Company shall maintain a duplicate of the register of holders of overseas-listed foreign-invested shares at the Company's residence; The appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the register of holders of overseas-listed foreign-invested shares at all times  
If there is any inconsistency between the original and the duplicate of the register of holders of overseas-listed foreign-invested shares, the original version shall prevail.
- Article 38 The Company shall maintain a complete register of shareholders.  
The register of shareholders shall include the following:  
  - (1) the register of shareholders maintained at the Company's residence (other than those parts as described in items (2) and (3) of this Article);
  - (2) the register of shareholders in respect of the holders of overseas-listed foreign-invested shares of the Company maintained at the place where the overseas stock exchange on which the shares are listed is located;
  - (3) the register of shareholders maintained at such other place as the Board may consider necessary for the purpose of listing of the Company's shares.
- Article 39 Different parts of the register of shareholders shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders.  
All fully paid-up overseas-listed foreign-invested shares which are listed in Hong Kong are freely transferable pursuant to the Articles of Association. However, the Board may refuse to recognize any instrument of transfer without giving any reason unless such transfer fulfils the following conditions:  
  - (1) HK\$2 or such higher fees as agreed by the Hong Kong Stock Exchange has been paid to the Company to register the instrument of transfer of shares and other documents relating to or which may affect the ownership of such shares;
  - (2) the instrument of transfer involves only the overseas-listed foreign-invested shares listed in Hong Kong;
  - (3) the stamp duty payable on the instrument of transfer has been paid;
  - (4) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares have been provided;
  - (5) if the shares are to be transferred to joint holders, the number of such joint holders shall not exceed four;
  - (6) the Company does not have any lien over the relevant shares.

- Alteration or rectification of each part of the register of shareholders shall be made in accordance with the laws of the place where that part of the register of shareholders is maintained.
- Article 40 If any law, regulation and rule of the securities regulatory authority in the place(s) where the Company's shares are listed stipulate the period of closure of the register of members prior to the holding of a general meeting or the reference date set by the Company for the purpose of distribution of dividends, those provisions shall prevail.
- Article 41 When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholdings, the Board shall designate a day to be the record day. Shareholders whose names appear in the register of shareholders at the end of the record date are shareholders of the Company.
- Article 42 Any person who objects to the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.
- Article 43 Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may, if his share certificates (the "original certificates") are lost, apply to the Company for a replacement share certificate in respect of such shares (the "relevant shares").
- If a holder of the domestic-invested shares loses his share certificates and applies for their replacement, it shall be dealt with in accordance with the provisions of Article 150 of the Company Law.
- If a holder of overseas-listed foreign-invested shares loses his share certificates and applies for their replacements, it may be dealt with in accordance with the relevant laws, the rules of the stock exchange and other relevant regulations of the place where the original register of holders of overseas-listed foreign-invested shares is maintained.
- In the case that the Company goes public in Hong Kong, the issue of replacement certificates to holders of overseas listed foreign invested shares shall comply with the following requirements:
- (1) The applicant shall submit an application to the Company in prescribed form accompanied by a notarial act or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as declaring that no other person shall be entitled to request to be registered as the shareholder in respect of the relevant shares.
  - (2) no statement has been received by the Company from a person other than the applicant for having his name registered as a holder of the relevant shares before the Company came to a decision to issue the replacement certificate.
  - (3) the Company shall, if it decides to issue a replacement certificate to the applicant, make an announcement of its intention to issue the replacement certificate in such newspapers designated by the Board; The announcement shall be made at least once every thirty (30) days in a period of ninety (90) days.
  - (4) the Company shall have, prior to the publication of its announcement of intention to issue a replacement certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety (90) days.
- In case an application to issue a replacement certificate has been made without the consent of the registered holder of the relevant shares, the Company shall send by post to such registered shareholder a copy of the announcement to be published.
- (5) if, upon expiration of the 90-day period referred to in items (3) and (4) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to his application.
  - (6) where the Company issues a replacement certificate under this Article, it shall forthwith cancel the original certificate and enter the cancellation and issue in the register of shareholders accordingly.
  - (7) all expenses relating to the cancellation of an original certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.
- Article 44 Where the Company issues a replacement certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a

shareholder who thereafter registers as the owner of such shares (in the case that he is a bona fide purchaser) shall not be removed from the register of shareholders.

Article 45

The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original certificate or the issuance of the replacement certificate, unless the claimant proves that the Company had acted fraudulently.

## CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Article 46 A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders.  
A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he holds. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

Article 47 (A) The ordinary shareholders of the Company shall be entitled to the following rights:

- (I) the right to dividends and other distributions in proportion to the number of shares held;
- (II) the right to attend or appoint a proxy to attend shareholders' general meetings and to exercise the corresponding voting right thereat in accordance with the laws;
- (III) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;
- (IV) the right to transfer shares in accordance with the laws, administrative regulations and provisions of the Articles of Association;
- (V) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
  - 1 the right to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;
  - 2 the right to inspect and copy, subject to payment of a reasonable charge:
    - (1) all parts of the register of shareholders;
    - (2) personal particulars of each of the Company's Directors, Supervisors, general managers and other senior management members including:
      - (a) present name and alias and any former name and alias;
      - (b) principal address (residence);
      - (c) nationality;
      - (d) primary and all other part-time occupations; and
      - (e) identification document and its number.
    - (3) report on the state of the Company's share capital;
    - (4) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;
    - (5) minutes of shareholders' general meetings.
- (VI) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;
- (VII) other rights conferred by laws, administrative regulations and the Articles of Association.

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

Article 48 The ordinary shareholders of the Company shall assume the following obligations:

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

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

Article 49 In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which shares of the Company are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner

prejudicial to the interests of all or some of the shareholders of the Company:

- (1) to relieve a Director or supervisor of his duty to act honestly 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), in any guise, of the Company's assets, including (without limitation) opportunities 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) rights to distributions and voting rights save for a company restructuring submitted to the general meeting of shareholders for approval in accordance with the Articles of Association.

Article 50

The term "controlling shareholder" referred to in the preceding article means a person who satisfies any one of the following conditions:

- (1) he alone, or acting in concert with others, has the power to elect not less than half of the Board members;
- (2) he alone, or acting in concert with others, has the power to exercise or to control the exercise of 50% (inclusive) or more of the voting rights in the Company;
- (3) he alone, or acting in concert with others, holds 30% (inclusive) or more of the issued and outstanding shares of the Company;
- (4) he alone, or acting in concert with others, in any other manner controls the Company in fact.

## CHAPTER 8 SHAREHOLDERS' GENERAL MEETING

- Article 51 The shareholders' general meeting is the organ of authority of our Company and shall exercise its functions and powers in accordance with the law.
- Article 52 The shareholders' general meeting may exercise the following functions and powers:
- (1) to decide on the operating policies and investment plans of the Company;
  - (2) to elect and remove Directors and to fix the remuneration of the relevant Directors;
  - (3) to elect and remove supervisors (being shareholder representatives), and to fix the remuneration of the relevant supervisors;
  - (4) to examine and approve the reports of the Board;
  - (5) to examine and approve the reports of the Supervisory Committee;
  - (6) to examine and approve the proposed annual financial budgets and final accounts of the Company;
  - (7) to examine and approve the profit distribution plans and loss recovery plans of the Company;
  - (8) to adopt resolutions on any increase or reduction of registered capital of the Company;
  - (9) to adopt resolutions on matters such as merger, division, dissolution and liquidation of the Company;
  - (10) to adopt resolutions on the issue of bonds of the Company;
  - (11) to adopt resolutions on the appointments, dismissals or non-reappointments of accounting firms;
  - (12) to amend the Articles of Association;
  - (13) to examine the proposals submitted by shareholders holding not less than 3% of the Company's voting shares;
  - (14) to examine other matters required by laws, administrative regulations and the Articles of Association to be resolved by general meeting of shareholders.
- Article 53 Without a prior approval by a shareholders' general meeting, the Company shall not enter into any contract with any party other than the Directors, supervisors, general managers and other senior management members pursuant to which such party shall be responsible for managing the whole or any substantial part of the Company's business.
- Article 54 General meetings of shareholders shall be annual general meetings of shareholders and extraordinary general meetings of shareholders. A general meeting of shareholders shall be convened by the Board. The annual general meeting of shareholders shall be held once every year within six months after the end of the previous accounting year. The Board shall hold an extraordinary general meeting of shareholders within two months upon the occurrence of one of the following circumstances:
- (1) the number of Directors is less than the number required by the Company Law or less than two-thirds of the number required by the Articles of Association;
  - (2) the uncovered losses are in excess of one third of the Company's total share capital;
  - (3) shareholders holding not less than 10% of the Company's issued shares with voting rights request in writing to hold an extraordinary general meeting;
  - (4) the Board considers it necessary or the Supervisory Committee proposes to hold such a meeting;
  - (5) the Supervisory Committee proposes to hold such a meeting.
- Article 55 When the Company convenes an annual general meeting, it shall notify each shareholder of the date and place of the meeting and the matters to be considered twenty (20) Hong Kong business days prior to the meeting; for an extraordinary general meeting, it shall notify each shareholder of the same ten (10) Hong Kong business days or fifteen (15) days (whichever is earlier). In calculating the notice period, the date of issue of notice and date of meeting shall be excluded. Where there is any special requirement under the listing rules of the place(s) where the Company's shares are listed, such requirements shall prevail.
- Article 56 In the annual shareholders' meeting of the Company, shareholders holding more than three percent (including three percent) of the total voting shares of the Company, are entitled to propose new resolutions in written form. The Company shall include those matters which are within the scope of duties of the shareholders' meeting into the agenda.
- Article 57 Matters not yet stated in the notice cannot be resolved at the shareholders' general meeting.
- Article 58 A notice of the general meeting shall meet the following requirements:
- (1) it shall be in written form;

- (2) it shall specify the place, date and time of the meeting;
- (3) it shall state the matters to be considered at the meeting;
- (4) it shall provide shareholders with such information and explanation as are necessary for them to make informed decisions in connection with the matters to be discussed. This principle shall include (but not be limited to) where the Company proposes to merge, repurchase its shares, restructure share capital or undergo other reorganization. The specific conditions and contracts (if any) of the proposed transactions must be provided and the reasons and effects of the same must be properly explained;
- (5) if any director, supervisor, general manager and other senior management members have material interests in the matters subject to discussion, the nature and extent of such material interests shall be disclosed, and if the effect of the proposed matters on such director, supervisor, general manager and other senior management members in their capacity as shareholders is different from that of other shareholders of the same class, the differences shall also be specified;
- (6) it shall set out the full text of any special resolution to be proposed at the meeting for approval;
- (7) it shall contain a clear statement that a shareholder who has the right to attend and vote at the meeting shall have the right to appoint one or more proxies to attend and vote at the meeting on his behalf and that such proxies need not be shareholders;
- (8) it shall state the date and place for the service of the proxy forms for the meeting.

Article 59 A notice of the general meeting shall be dispatched to shareholders (regardless of their voting rights at the general meeting) by hand or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of members. For holders of domestic-invested shares, a notice of the general meeting may also be made by way of announcement.

The notices of general meetings served to holders of overseas-listed foreign-invested shares listed in Hong Kong may be published on the Hong Kong Stock Exchange's website or in one or multiple newspapers designated by it. Once published, the notices of general meetings shall be deemed to have been served to all holders of overseas-listed foreign-invested shares in Hong Kong.

Article 60 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting.

Article 61 Any shareholder entitled to attend and vote at the general meeting shall have the right to appoint one or several persons (who may not be shareholders) to act as his proxy to attend and vote at the meeting on his behalf. The proxy/proxies so appointed by the shareholder shall exercise the following rights:

- (1) have the same right as the shareholder to speak at the meeting;
- (2) have authority to demand or, jointly with others, in demanding a poll;
- (3) have the right to vote by show of hands or on a poll; where more than one proxy is appointed, the proxies may only exercise the voting right on a poll.

Article 62 The instrument appointing a proxy by shareholders shall be in writing under the hand of the appointer or his attorney duly authorized in writing; where the appointer is a legal person, either under the seal or such legal person or under the hands of its director or executive duly authorized or attorney duly authorized.

Article 63 Proxy forms shall be lodged at the domicile of the Company or other places specified in the notice of meeting 24 hours before the relevant meeting for voting according to the proxy form, or 24 hours before the designated time of voting. Where the proxy form is signed by a person under a power of attorney on behalf of the appointer, the power of attorney or other authorization documents authorized to be signed shall be notarized. A notarially certified copy of that power of attorney or other authorization documents, together with the proxy form, shall be deposited at the domicile of the Company or other places specified in the notice of meeting.

Where the appointer is a legal person, its legal representative or other persons authorized by the resolutions of the Board or other decision-making organ to act as its representatives may attend the general meeting of the Company as a representative of the appointer.

Article 64 (1) Any form issued to a shareholder by the Board for use by him for appointing a proxy shall allow the shareholder to freely instruct the proxy to cast vote in favour of or against each resolution dealing with the businesses to be transacted at the meeting. Such letter of authorization shall contain a statement that in the absence of instructions by the shareholder, his proxy may vote as he thinks fit.

- (2) If the Company's shareholders are recognised clearing houses as defined by the definition of the Hong Kong Securities and Futures (Clearing House) Ordinance, they shall authorise suitable persons as they think fit, to act as their representatives in the general meetings or the Company's class meetings. If more than one person are appointed, the authorisation shall specify the class and number of shares so authorised. The above appointees are entitled to exercise the authority on behalf of that clearing house (or its proxy) as if the clearing house (or its proxy) is an individual shareholder of the Company.
- Article 65 Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the letter of authorization shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.
- Article 66 There shall be two types of resolutions of shareholders' general meetings, namely ordinary resolutions and special resolutions.  
To adopt an ordinary resolution, votes representing not less than one-half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.  
To adopt a special resolution, votes representing not less than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.  
If any shareholder of the Company (or his/her proxy) elects to forfeit his/her voting rights or to abstain from voting on any particular resolution, any vote by such Shareholder or his/her proxy shall not be counted in the voting results of such resolution in the shareholders' meeting of the Company.  
If in accordance with the listing rules of the stock exchanges on which the Company's shares are listed, that any shareholder of the Company is required to abstain from voting on any particular resolution or restricted to voting only for or against on any particular resolution, any votes cast by or on behalf of such shareholder of the Company in contravention of such requirement or restriction shall not be counted.
- Article 67 A shareholder (including proxy) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.
- Article 68 Voting at a general meeting shall be decided on a show of hands unless a poll is (before or after any vote by show of hands) demanded by the following persons:  
(1) the chairman of the meeting;  
(2) at least two shareholders entitled to vote in person or proxies with voting rights;  
(3) one or more shareholders (including proxy) separately or jointly representing not less than 10% of all shares carrying right to vote at the meeting.  
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 favour of or against such resolution.  
The demand for a poll may be withdrawn by the person who makes such demand.
- Article 69 A poll demanded on such matters as the election of chairman or the adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman may decide, and the meeting may proceed to discuss other matters, while the results of the poll shall still be deemed to be a resolution of that meeting.
- Article 70 On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes in the same way.
- Article 71 In the event of equality of votes in favour of or against, whether by a show of hands or by poll, the chairman of the meeting shall be entitled to an additional vote.
- Article 72 The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:  
(1) work reports of the Board and the Supervisory Committee;  
(2) plans formulated by the Board for distribution of profits and for making up losses;  
(3) the appointment and removal of members of the Board and the Supervisory Committee and their remuneration and payment methods;  
(4) the Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements;  
(5) matters other than these required by the laws and administrative regulations or by

- the Articles of Association to be adopted by special resolutions.
- Article 73 The following matters shall be resolved by a special resolution at a shareholders' general meeting:
- (1) increase or reduction of the share capital and issue of shares of any class, stock warrants or other similar securities;
  - (2) issuance of corporate bonds;
  - (3) the division, merger, dissolution and liquidation of the Company;
  - (4) amendments to the Articles of Association;
  - (5) any other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to have a substantial impact on the Company and to require approval by a special resolution.
- Article 74 The following procedures shall be followed by shareholders requesting for convening of extraordinary general meetings:
- (1) two or not less than two shareholders jointly holding not less than 10% of voting shares in such proposed meeting may request the Board to convene an extraordinary general meeting or class meeting by signing and submitting one or several written requests with the same format and contents specifying the agenda of the meeting. An extraordinary general meeting or class meeting shall be convened by the Board as soon as practicable upon receipt of the aforesaid written request. The aforesaid proportion of shareholding shall be calculated on the date on which the relevant shareholders submit the written request.
  - (2) if the Board fails to dispatch a notice of convening such meeting within 30 days upon receipt of the aforesaid written request, the shareholders submitting such request may convene such meeting by themselves within 4 months upon receipt of such request by the Board and in which case, the procedures for convening such meeting should follow those for convening a general meeting of shareholders by the Board as closely as practicable.
- All reasonable expenses incurred by shareholders arising from convening and holding the aforesaid meeting by shareholders due to the Board's failure to hold such meeting in response to the aforesaid request shall be borne by the Company. Such expenses shall be deducted from the amounts due by the Company to the Director(s) who have neglected their duties.
- Article 75 A general meeting of shareholders shall be convened by the Board and chaired by the Chairman of the board of directors, who shall act as the chairman of the meeting. If the Chairman is unable to attend the meeting, the Vice Chairman shall act as the chairman of the meeting. If both the Chairman and Vice Chairman are unable to attend the meeting, a majority of the directors may appoint a director of the Company to convene and chair the meeting on their behalf. If the Board is unable or has failed to perform its duties and responsibilities in holding the general meeting, and the Supervisory Committee may hold and preside over such meeting by itself. If the Supervisory Committee has failed to hold and preside over such meeting, in which case, shareholders individually or jointly holding not less than 10% of the Company's shares for not less than 90 consecutive days shall have the right to hold and preside over such meeting by themselves.
- Article 76 The chairman of the meeting shall determine whether or not a resolution of the general meeting shall be adopted. His decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes.
- Article 77 In the event that the chairman of the meeting has any doubt as to the result of a resolution put forward to the vote, he may have the votes counted. In the event that the chairman of the meeting fails to have the votes counted, any shareholder present in person or by proxy objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the voting result, the chairman of the meeting shall have the votes counted immediately.
- Article 78 In the event that the votes are counted at the general meeting, the counting results shall be recorded in the minutes of the meeting.  
The minutes of the meeting together with the attendance book for shareholders' signing and the proxy forms for proxies attending the meeting shall be kept at the domicile of the Company.
- Article 79 Copies of the minutes of the meeting shall be available for inspection during business hours of the Company by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within 7 days after receipt of reasonable charges.

## CHAPTER 9 SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS

- Article 80 Shareholders holding different classes of shares shall be class shareholders. Class shareholders shall be entitled to the rights and assume obligations pursuant to the provisions of laws, administrative regulations and the Articles of Association.
- Article 81 Any variation or abrogation of the rights of any class of shareholders proposed by the Company may only come into effect upon the adoption of a special resolution at a general meeting and approval by the affected shareholders of that class at a separate meeting held in accordance with Articles 82 to 86, save for conversion of domestic-invested shares into overseas-listed foreign-invested shares and listing and trading of such shares on overseas stock exchanges.
- Article 82 The following circumstances shall be deemed to be a variation or abrogation of the rights of shareholders of a certain class:
- (1) to increase or decrease the number of shares of a particular class, or increase or decrease the number of shares of another class having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
  - (2) to effect an exchange of all or part of shares of such class into shares of other classes, or to effect an exchange or grant a right of exchange of all or part of the shares of other classes into shares of such class;
  - (3) to remove or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;
  - (4) to reduce or remove the rights to a dividend preference or a liquidation preference to distribution of property attached to shares of such class;
  - (5) to add, remove or reduce the rights to conversion, options, voting, transfer, pre-emptive rights to placement and acquire securities of the Company attached to shares of such class;
  - (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of such class;
  - (7) to create a new class of shares having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
  - (8) to restrict the transfer or ownership of the shares of such class or increase such restrictions;
  - (9) to issue subscription rights or share conversion rights for shares of such class or other classes;
  - (10) to increase the rights and privileges of shares of other classes;
  - (11) to restructure the Company where the proposed restructuring scheme will result in different classes of shareholders bearing a disproportionate burden of obligations of such restructuring;
  - (12) to vary or abrogate the terms provided in this chapter.
- Article 83 Shareholders of the affected class, whether or not having the right to vote at the general meeting, shall nevertheless have the right to vote at class meetings on matters referred to in clause (2) to (8) and (11) to (12) of Article 82 of the Articles of Association, but interested shareholders shall not be entitled to vote at class meetings.
- The interested shareholders mentioned in the preceding paragraph shall have the following meanings:
- (1) in the case of a repurchase of its own shares by the Company by making offers to all shareholders on the same pro rata basis or through public dealing on a stock exchange in accordance with Article 27 of the Articles of Association, “interested shareholder” shall refer to the controlling shareholders as defined in Article 50 of the Articles of Association;
  - (2) in the case of a repurchase of its own shares by the Company through an off-market agreement in accordance with the provisions of Article 27 of the Articles of Association, “interested shareholders” shall refer to the shareholders to which the proposed agreement relates;
  - (3) in the case of a restructuring of the Company, “interested shareholder” shall refer to a shareholder within a class who bears liabilities less than the proportion burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.
- Article 84 A resolution of the class meeting shall be passed in accordance with Article 83 of the Articles of Association by shareholders present in the meeting and with voting rights.

- Article 85 Where the Company convenes a class meeting, the time period for issuing a written notice shall be the same as the written notice period for a non-class meeting to be convened on the same day of such class meeting. The written notice shall be dispatched to all shareholders of such class whose names appear on the register of members, specifying the matters to be considered and the date and place of the meeting.  
In calculating the notice period, the date of meeting shall be excluded.  
Where there is any special requirement under the listing rules of the place(s) where the Company's shares are listed, such requirements shall prevail.
- Article 86 Notices of the class meeting only need to be served on shareholders entitled to vote thereat. The procedures for holding the class meeting shall be similar to those for holding the general meeting as far as possible, and the provisions in the Articles of Association relating to the procedures for a general meeting shall apply to the class meeting.
- Article 87 Apart from shareholders of shares of other classes, the holders of domestic-invested shares and holders of overseas-listed foreign-invested shares are deemed to be different classes of shareholders.  
The special procedures for voting by class shareholders shall not apply in the following circumstances:
- (1) where the Company issues, upon approval by a special resolution at a general meeting, domestic-invested shares and overseas-listed foreign-invested shares once every twelve (12) months, either separately or concurrently, and the respective numbers of domestic-invested shares and overseas-listed foreign-invested shares proposed to be issued do not exceed 20% of the respective numbers of the issued domestic-invested shares and overseas-listed foreign-invested shares;
  - (2) where the Company's plan to issue domestic-invested shares and overseas-listed foreign-invested shares at the time of incorporation is carried out within 15 months from the date of approval by the securities regulatory authorities of the State Council.

## CHAPTER 10 THE BOARD OF DIRECTORS

- Article 88 The Company shall establish a Board which reports its work to shareholders' general meeting. The Board consists of 9 Directors. The Board shall comprise 1 Chairman, 1 to 2 Vice Chairman (Chairmen) and 3 independent non-executive Directors.  
The Board currently consists of 9 Directors.
- Article 89 Directors shall be elected at the shareholders' general meeting. The term of office of the Directors shall be three (3) years. Upon maturity of the current term of office, a Director shall be eligible to offer himself for re-election and reappointment.  
The candidates for the position of directors shall be nominated by the board of directors, or nominated by the shareholders individually or jointly holding not less than three percent of the total issued and outstanding voting shares of the Company.  
A written notice of intention to nominate a candidate for election as a Director, and the nominee's such written consent shall not be delivered to the Company less than seven (7) days before the general meeting of the Company and the period granted by the Company for lodging the above notice and written consent by the relevant nominee shall not be less than seven (7) days, such period shall commence from the date after the issue of the notice of the general meeting of the Company.  
The chairman and vice-chairman of the Board of Directors shall be elected or removed by more than one half of all the Directors. The term of office of the chairman and vice chairman of the Board of Directors shall be 3 years, renewable upon re-election and reappointment. The term of office for the Company's non-executive Directors shall be definite and subject to re-election upon maturity.  
Unless otherwise provided by law and subject to other relevant laws and administrative regulations, the Company shall have the power by special resolution to remove any Director before the expiration of his/her period of office (without prejudice to any claim which may be raised pursuant to any contract).  
The Board of Directors shall have the power to appoint any person as Director to fill a casual vacancy on or as an addition to the Board of Directors. Such appointment shall hold office only until the next general meeting of the Company, and such Director(s) shall then be eligible for re-election.  
A Director may concurrently hold the office of manager or other senior management of the Company (except the office of supervisor of the Company).  
A Director is not required to hold any shares of the Company.
- Article 90 The Board shall report to the shareholders' general meeting and exercises the following powers:
- (1) to listen to the opinion of the Party organization of the controlling shareholder before making any decision on the major issue of the Company;
  - (2) to convene shareholders' general meetings and report its work to the shareholders' general meeting;
  - (3) to implement the resolutions of shareholders' general meetings;
  - (4) to decide on the Company's business plans and investment plans;
  - (5) to formulate the Company's plans on annual financial budgets and final accounts;
  - (6) to formulate the Company's profit distribution plans and plans on making up losses;
  - (7) to formulate the proposal for increase or decrease of the registered capital of the Company and issue of bonds of the Company;
  - (8) to formulate plans for merger, division and dissolution of the Company;
  - (9) to determine the establishment of the Company's internal management structure;
  - (10) to appoint or dismiss managers of the Company and, based on the nomination by the manager, to appoint or dismiss deputy manager and financial controller of the Company and to determine their remunerations;
  - (11) to formulate the basic management system of the Company;
  - (12) to formulate proposals for amendment to the Articles of Association;
  - (13) to determine the setting-up of ad hoc committees and to appoint and dismiss the relevant persons in charge.
- Except for the Board resolutions in respect of the matters specified in subparagraphs (8), (9) and (12) of this Article which shall be passed by not less than two-thirds of the Directors, the Board resolutions in respect of all other matters may be passed by not less than one half of the Directors.
- Article 91 In cases where the expected value of fixed assets proposed for disposal by the Board, when

aggregated with value of fixed assets disposed within four month before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet considered by the shareholders' general meetings, the Board shall not dispose or consent to dispose such fixed assets without prior approval by the shareholders' general meeting.

The term "fixed assets disposal" referred to in this Article represents (among other things) transferring certain interests in assets, but not including provision of guarantees by way of fixed assets.

The validity of transactions regarding fixed assets disposal by the Company shall not be affected due to a breach of the first paragraph of this Article.

Article 92 The Chairman of the Board is entitled to the following powers:

- (1) to preside over shareholders' general meetings and to convene and preside over Board meetings;
- (2) to check on the implementation of resolutions of the Board;
- (3) to sign the securities certificates issued by the Company;
- (4) to exercise other powers conferred by the Board.

Where the Chairman is unable to exercise and perform the above functions, the Vice-Chairman may under the authority given by the Chairman exercise and perform the same on his behalf.

Article 93 Meetings of the board of directors should be held at least twice every year and convened by the Chairman of the board of directors. Notice of the meeting should be served on all of the directors ten (10) days

before the date of the meeting. In the event of any urgent matters, upon requisition by the shareholders representing one-tenth or more of voting rights, one-third or more of the Directors, or the Supervisory Committee, an extraordinary meeting of the board of directors may be convened.

Article 94 1. Where the time and venue for regular board meetings or extraordinary board meetings have been predetermined by the board of directors, no notice of the meeting shall be required;

2. If the time and venue for regular board meetings or extraordinary board meetings have not been predetermined by the board of directors, the chairman of the board of directors shall notify the directors of the time and venue for board meetings by way of telephone, cable, facsimile, express mail, registered post or courier not less than ten (10) days in advance.

Article 95 The Board meeting may not be held unless more than half of the Directors are present.

Each Director shall have a ballot for voting. Resolutions of the Board shall be passed by more than half of all Directors.

Where the number of votes cast for and against a resolution equals, the chairman of the board of directors shall have a casting vote.

Article 96 Directors shall attend a meeting of the Board in person. If they are not able to attend the meeting due to certain reasons, they may authorise other Directors in writing to attend the meeting on their behalf. A letter of authorization shall indicate the scope of authorization.

The appointed director attending the meeting shall exercise the rights of a director within the scope of authorization. If a director does not attend a meeting of the Board in person, and does not authorize any representatives to attend the meeting, he/she shall be deemed to have waived the voting right in the meeting.

A resolution in writing, signed by all the directors for the time being entitled to receive notice of a meeting of the directors, shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held: Provided that this article shall not apply in relation to any contract or arrangement in which a director or directors are interested.

Article 97 The Board shall keep minutes of resolutions on matters discussed at meetings. The minutes shall be signed by the Directors present at the meeting and the person who recorded the minutes. The Directors shall be liable for the resolutions of the Board. If a resolution of the Board violates the laws, administrative regulations or the Articles of Association and results in the Company sustaining serious losses, the Directors participating in the resolution shall be liable to compensate the Company. However, if it can be proved that a Director expressly objected to the resolution when the resolution was voted on, and that such objection is recorded in the minutes of the meeting, such Director may be released from such liability.

## CHAPTER 11 PARTY ORGANIZATION

Article 98 The Company shall establish a Party committee which shall comprise one secretary and a number of other Party committee members. The number of positions for Party committee members shall be set up according to the reply and approval of the higher Party organization and shall be elected or appointed according to the Party Constitution and other relevant regulations. An eligible Party committee member can become a member of the management upon legal procedures while an eligible member of the management can become a Party committee member according to the relevant requirements and procedures. Besides, a disciplinary committee shall be established according to regulation.

Article 99 The Party committees shall perform the following duties and responsibilities according to the Party Constitution, the Regulations on the Work of Grassroots Organizations of State-owned Enterprises of the Communist Party of China (Trial Implementation) and other relevant Party regulations:

- (1) to strengthen the political construction of the Party in the Company, adhere to and implement the fundamental, basic and important system of socialism with Chinese characteristics, educate and guide all Party members to, at all times, maintain a high degree of consistency with the Central Committee of the Party with Comrade Xi Jinping as the core in terms of political stance, political direction, political principles and political path;
- (2) to carry out in-depth study and implementation of Xi Jinping's Thoughts on Socialism with Chinese Characteristics for a New Era, study and propagate the Party theories, follow and implement the Party routes and policies, as well as supervise and ensure the implementation of major decisions and deployments of the Central Committee of the Party and resolutions of Party organizations at a higher-level in the Company;
- (3) to study and discuss major business management matters of the Company, and support the shareholders' (general) meetings, the board of Directors, the supervisory committee and the management members in exercising and performing their powers and functions in accordance with the laws;
- (4) to strengthen the leadership and supervision in terms of selection and appointment of staff members of the Company, and attach importance to the team building of leaders, cadre and talent;
- (5) to perform the main responsibility of the Company of establishing the governance culture of the Party with integrity, lead and support the internal discipline inspection organization to perform its duties of supervision and implementation of discipline accountability to implement stringent and clear political discipline and political rules, and promote the stringent governance of the Party to the grassroots in all aspects;
- (6) to strengthen the establishment of grass-root organizations of the Party and team building of Party members, as well as unite and lead the masses of workers to actively participate in the reform and development of the Company;
- (7) to take lead in the Company's ideological and political work, establish spiritual civilization, unite front work, and take lead in groups and organizations such as the Company's labor union, the Communist Youth League and women's organizations.

## **CHAPTER 12 SECRETARY TO THE BOARD**

Article 100 The Company shall have a Secretary to the Board, who is a senior management member of the Company.

Article 101 Secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the Board. His/ her primary responsibilities are:

- (1) to ensure that the Company has complete organizational documents and records;
- (2) to ensure that the Company prepares and delivers the reports and documents required by competent authorities in accordance with the law;
- (3) to ensure that the Company's registers of shareholders are properly maintained, and that persons entitled to access to the relevant records and documents are furnished with such records and documents without delay.

Article 102 Directors or other senior management members of the Company may also act as the Secretary to the Board. The accountant(s) of the certified public accountants' firm appointed by the Company shall not act as the Secretary to the Board.

Provided that where the office of the Secretary to the Board is held concurrently by a Director, and an act is required to be made by a Director and the Secretary to the Board separately, the person who concurrently holds the offices of Director and Secretary to the Board shall not perform the act in dual capacity.

## CHAPTER 13 OPERATION AND MANAGEMENT STRUCTURE

- Article 103 The Company shall have one manager, who shall be appointed and dismissed by the Board.
- Article 104 The manager of the Company shall be accountable to the Board and exercise the following powers:
- (1) to lead the Company's production, operation and management, and organize resources to carry out the Board's resolutions;
  - (2) to organize the implementation of the Company's annual business plan and investment plan;
  - (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 the basic rules and regulations of Company;
  - (6) to propose the appointment or dismissal of the Company's deputy manager(s) and chief financial officer;
  - (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;
  - (8) to exercise other powers conferred by the Articles of Association and the Board.
- Article 105 The manager of the Company shall attend Board meetings; the manager who is not a Director does not have any voting rights at Board meetings.
- Article 106 The manager of the Company, in performing his functions, shall act honestly and diligently and in accordance with the laws, administrative regulations, and the Articles of Association.
- Article 107 The general legal advisor shall be responsible for leading the legal corporate governance, organizing legal reviews on major decision-making process, rules and regulations and economic contracts and coordinating legal affairs arising from operation and management, such as material legal disputes.
- Article 108 The general legal advisor shall be responsible for leading the legal corporate governance, organizing legal reviews on major decision-making process, rules and regulations and economic contracts and coordinating legal affairs arising from operation and management, such as material legal disputes.
- Article 109 The general legal advisor shall attend Board meetings, shareholders' meetings of the Company and office meetings of general managers of the Company and provide legal opinions on affairs under discussion.
- Article 110 The Company's management and other authorised personnel are not authorised to sign contracts and other relevant documents involving high-risk matters such as foreign investments, pledges of assets, sale and disposal of assets, credit guarantees, financing lines, annual borrowed/lent funds, etc. without the authorisation of the shareholders' meeting or the Board of Directors.

## **CHAPTER 14 SUPERVISORY COMMITTEE**

- Article 111 The Company shall establish a Supervisory Committee.
- Article 112 (1) The Supervisory Committee shall be composed of 3 Supervisors. One of the members of the Supervisory Committee shall act as the chairman of the Committee. The term of office of a Supervisor shall be three years, renewable upon re-election and re-appointment.
- (2) The appointment and dismissal of the chairman of the Supervisory Committee shall be passed by not less than two-thirds of its members.
- Article 113 The Supervisory Committee shall comprise of two shareholder representatives and one staff representative. Appointment and removal of shareholder representative supervisors shall be subject to election at the shareholders' general meeting, while appointment and removal of staff representative supervisor shall be subject to democratic election by the staff.
- Article 114 The Directors, the manager and the chief financial officer of the Company shall not assume the position of supervisors.
- Article 115 The Supervisory Committee shall hold at least one meeting every six months, which shall be convened by the chairman of the Supervisory Committee.
- Article 116 The Supervisory Committee shall be accountable to the shareholders' general meeting and exercise the following powers in accordance with the law:
- (1) to examine the Company's financial affairs;
  - (2) to supervise the conduct of the Directors, the manager and other senior management members of the Company who violate laws, administrative regulations, or the Articles of Association in performing their duties;
  - (3) to demand rectification from a Director, the manager and any other senior management members of the Company when the acts of such persons are harmful to the Company's interest;
  - (4) to examine the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the shareholders' general meetings and, should any queries arise, to engage, in the name of the Company, certified public accountants and practicing auditors to conduct a re-examination;
  - (5) to propose the convening of a shareholders' extraordinary general meeting;
  - (6) to deal with or take legal actions against Directors on behalf of the Company;
  - (7) to exercise other powers specified in the Articles of Association.
- Members of the Supervisory Committee shall attend as non-voting members at meetings of the Board of Directors.
- Article 117 Where the Supervisory Committee makes a resolution, all members of the Supervisory Committee shall attend the meeting, and vote by way of a show of hands.
- The resolutions of both the periodical meeting and the extraordinary meeting of the Supervisory Committee shall be regarded as the resolutions of the Supervisory Committee. Such resolutions shall be passed by the affirmative vote of two-thirds or more of the members of the Supervisory Committee.
- Article 118 All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors as are required by the Supervisory Committee in discharging its duties shall be borne by the Company.
- Article 119 A supervisor shall carry out his duties honestly and faithfully in accordance with the laws, administrative regulations and the Articles of Association.

## **CHAPTER 15 QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS, MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS OF THE COMPANY**

- Article 120 A person may not serve as a Director, supervisor, manager or any other senior management member of the Company if any of the following circumstances applies:
- (1) a person without legal or with restricted legal capacity;
  - (2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where less than five (5) years have elapsed since the date of the completion of implementation of such punishment or deprivation;
  - (3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation because of mismanagement and he is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
  - (4) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three (3) years has elapsed since the date of the revocation of the business license;
  - (5) a person who has a relatively large amount of debts due and outstanding;
  - (6) a person who is under criminal investigation or prosecution by a judicial organization for violation of the criminal law where said investigation or prosecution is not yet concluded;
  - (7) a person who is not eligible for enterprise leadership according to laws and administrative regulations;
  - (8) a non-natural person;
  - (9) a person convicted of the contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five (5) years has elapsed since the date of the conviction.
- Article 121 The validity of an act of a Director, manager or any other senior management member on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.
- Article 122 In addition to obligations imposed by laws, administrative regulations or required by the stock exchanges on which the Company's shares are listed, each of the Company's Directors, supervisors, manager and other senior management members owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:
- (1) not to cause the Company to exceed the scope of the business stipulated in its business licence;
  - (2) to act honestly in the best interest of the Company;
  - (3) not to expropriate in any guise the Company's property, including (without limitation) usurpation of opportunities advantageous to the Company;
  - (4) not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to a restructuring of the Company submitted to shareholders for approval in accordance with the Articles of Association.
- Article 123 Each of the Company's Directors, supervisors, manager and other senior management members owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- Article 124 Each of the Company's Directors, supervisors, manager and other senior management members shall exercise his powers or carry on his duties in accordance with the principle of fiduciary and shall not put himself in a position where his duty and his interest may conflict. This principle includes (without limitation) discharging the following obligations:
- (1) to act honestly in the best interests of the Company;
  - (2) to exercise powers within the scope of his powers and not to exceed those powers;
  - (3) to exercise the discretion vested in him personally and not to allow himself to act

- under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
  - (5) except in accordance with the Articles of Association or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;
  - (6) without the informed consent of shareholders given in general meeting, not to use the Company's property for his own benefit by any means;
  - (7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;
  - (8) without the informed consent of shareholders given in general meeting, not to accept commissions in connection with the Company's transactions;
  - (9) to abide by the Articles of Association, faithfully execute his official duties and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private interests;
  - (10) without the informed consent of shareholders given in general meeting, not to compete with the Company in any form;
  - (11) not to misappropriate the Company's funds or lend the Company's funds to others, not to open accounts in his own name or other names for the deposit of the Company's assets, and not to provide a guarantee for the shareholder(s) of the Company or other individual debts with the Company's assets;
  - (12) without the informed consent of shareholders given in general meeting, to keep in confidence information relating to the Company acquired by him in the course of and during his tenure and not to use such information in purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
    - (a) disclosure is made under compulsion of law;
    - (b) the interests of the public require disclosure;
    - (c) the interests of the relevant Director, supervisor, manager and other senior management member require disclosure.

Article 125 Each Director, supervisor, manager or other senior management member of the Company shall not cause the following persons or institutions ("associates") to do what he is prohibited from doing:

- (1) the spouse or minor child of that Director, supervisor, manager and other senior management member;
- (2) a person acting in the capacity of trustee of that Director, supervisor, manager or other senior management member or any person referred to in paragraph (1) of this Article;
- (3) a person acting in the capacity of partner of that Director, supervisor, manager or other senior management member or any person referred to in paragraphs (1) and (2) of this Article;
- (4) a company in which that Director, supervisor, manager or other senior management member, alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above or other Directors, supervisors, manager and other senior management members of the Company have a de facto controlling interest;
- (5) the Directors, supervisors, manager and other senior management members of the controlled company referred to in paragraph (4) of this Article.

Article 126 The fiduciary duties of the Directors, supervisors, manager and other senior management members of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure.

Other duties may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

Article 127 Except for circumstances prescribed in Article 49 of the Articles of Association, a Director, supervisor, manager and other senior management member of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at a general meeting.

Article 128 Where a Director, supervisor, manager and other senior management member of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the Board.

Unless otherwise permitted under the listing rules of the stock exchanges on which the Company's shares are listed, where Directors or their respective associates (as defined in the listing rules of the stock exchanges on which the Company's shares are listed) have a material interest in any contract, transaction, arrangement or other matters that require the approval of the Board of Directors, the relevant Director shall not vote for the relevant matter at the Board of Directors' meeting, and shall not be counted towards the quorum of such meeting.

Unless the interested Director, supervisor, manager or other senior management member discloses his interests in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement is approved by the Board at a meeting in which the interested Director, supervisor, manager or other senior management member is not counted in the quorum and refrains from voting, a contract, transaction or arrangement in which that Director, supervisor, manager or other senior management member is materially interested is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested Director, supervisor, manager or other senior management member.

A Director, supervisor, manager or other senior management member of the Company is deemed to be interested in a contract, transaction or arrangement in which an associate of him is interested.

Article 129 Where a Director, supervisor, manager or other senior management member of the Company gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding paragraph of this Article to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

Article 130 The Company shall not in any manner pay taxes for or on behalf of its Directors, supervisors, manager or other senior management members.

Article 131 The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with, the making of a loan to a Director, supervisor, manager or other senior management member of the Company or of the Company's parent company or any of their respective associates.

However, the following transactions are not subject to such prohibition:

- (1) the provision by the Company of a loan or a guarantee for a loan to a company which is a subsidiary of the Company;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of its Directors, supervisors, manager or other senior management members to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in general meeting;
- (3) The Company may make a loan or provide a guarantee in connection with the making

of a loan to any of the relevant Directors, Supervisors, manager or other senior management members or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

Article 132 A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

Article 133 A loan guarantee provided by the Company in breach of Article 127 shall be unenforceable against the Company, provided that:

- (1) a loan was advanced to an associate of any of the Directors, supervisors, manager and other senior management members of the Company or of the Company's parent company where the lender did not know the relevant circumstances;
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

Article 134 For the purposes of the foregoing provisions of this Chapter, a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

Article 135 In addition to any rights and remedies provided by the laws and administrative regulations, where a Director, supervisor, manager and other senior management members of the Company is in breach of his duties to the Company, the Company has a right to:

- (1) claim damages from the Director, supervisor, manager and other senior management members in compensation for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the Director, supervisor, manager and other senior management members or with a third party (where such third party knows or should know that there is such a breach of duties by such Director, supervisor, manager and other senior management members);
- (3) demand the Director, supervisor, manager and other senior management members to surrender the profits made by him in breach of his duties;
- (4) recover any monies received by the Director, supervisor, manager and other senior management members which should have been otherwise received by the Company, including (without limitation) commissions;
- (5) demand payment of the interest earned or which may have been earned by the Director, supervisor, manager and other senior management members on the monies that should have been paid to the Company.

Article 136 The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with a Director or supervisor wherein his emoluments are stipulated, including:

- (1) emoluments in respect of his service as Director, supervisor or senior management member of the Company;
- (2) emoluments in respect of his service as Director, supervisor or senior management member 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 or any of its subsidiaries;
- (4) compensation for loss of office, or as consideration for or in connection with his retirement from office.

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a Director or supervisor against the Company for any benefits in respect of the matters mentioned in this Article.

Article 137 The contract for emoluments entered into between the Company and its Directors or supervisors should provide that in the event of a takeover of the Company, the Company's Directors and supervisors shall, subject to the prior approval of the shareholders in general meeting, have the right to receive compensation or other payment for loss of office or retirement. A takeover of the

Company as referred to above means:

- (1) a takeover offer made by any person to all shareholders;
- (2) an offer made by any person with a view to the offer or becoming a “controlling shareholder” within the meaning of Article 50.
- (3) If the relevant Director or supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of the said offer made. The expenses incurred in distributing that sum pro rata amongst those persons shall be borne by the relevant Director or supervisor and shall not be paid out of that sum.

## **CHAPTER 16 FINANCIAL AND ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION**

- Article 138 The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.
- Article 139 At the end of each fiscal year, the Company shall prepare a financial report which shall be audited and verified in compliance with the laws.
- Article 140 The Board shall place before the shareholders at every annual general meeting such financial reports as are required by any laws, administrative regulations or directives promulgated by competent regional and central governmental authorities to be prepared by the Company.
- Article 141 The Company's financial reports shall be made available for shareholders' inspection at the Company twenty (20) days before the date of every annual shareholders' general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.  
The Company shall at least deliver to each shareholder of overseas-listed foreign-invested shares by prepaid mail the abovementioned reports not later than twenty-one (21) days before the date of every annual shareholders' general meeting. The recipient's address shall be that recorded in the register of shareholders.
- Article 142 The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the overseas place where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the financial statements. When the Company is to distribute its profits, the lower of the after-tax profits as shown in the two financial statements shall be adopted.
- Article 143 Any interim results or financial information published or disclosed by the Company must also be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the overseas place where the Company's shares are listed.
- Article 144 The Company shall publish its financial reports twice every fiscal year, that is, the interim financial report shall be published within sixty (60) days after the expiration of the first six (6) months of each fiscal year and the annual financial report shall be published within one hundred and twenty (120) days after the expiration of each fiscal year.
- Article 145 The Company shall not keep accounts other than those provided by law.
- Article 146 Capital reserve fund includes the following items:  
(1) premium received when shares are issued at a premium to their par value; and  
(2) any other income required to be included in the capital reserve fund by the governing finance department of the State Council.
- Article 147 The Company may distribute dividends in the following manner:  
(1) in cash; or  
(2) by shares.  
Any amount paid up in advance of calls on any shares may carry interest but the holder of such shares shall not be entitled to participate in respect thereof in a dividend subsequently declared.
- Article 148 The Company shall appoint receiving agents on behalf of the holders of overseas listed foreign-invested shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of such shares. The receiving agents shall safe keep such monies on behalf of the holders of overseas listed foreign-invested shares which will then be paid to such holders of overseas listed foreign-invested shares.  
The receiving agents appointed by the Company shall satisfy the relevant requirements of the laws of the place and relevant regulations of the stock exchange where the Company's shares are listed. The receiving agents appointed on behalf of holders of overseas-listed foreign invested shares listed on the Hong Kong Stock Exchange shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

## CHAPTER 17 APPOINTMENT OF ACCOUNTANTS' FIRM

- Article 149 The Company shall appoint an independent firm of certified public accountants which is qualified under the relevant regulations of the State to audit the Company's annual financial statements and review the Company's other financial reports.
- The first certified public accountants' firm of the Company may be appointed by the inaugural meeting of the Company before the first annual general meeting of shareholders and the certified public accountants' firm so appointed shall hold office until the conclusion of the first annual general meeting.
- If the inaugural meeting fails to exercise its aforesaid powers, those powers shall be exercised by the Board.
- Article 150 The Company shall appoint an independent firm of certified public accountants which is qualified under the relevant regulations of the State to audit the Company's annual financial statements and review the Company's other financial reports.
- The first certified public accountants' firm of the Company may be appointed by the inaugural meeting of the Company before the first annual general meeting of shareholders and the certified public accountants' firm so appointed shall hold office until the conclusion of the first annual general meeting.
- If the inaugural meeting fails to exercise its aforesaid powers, those powers shall be exercised by the Board.
- Article 151 The certified public accountants' firm appointed by the Company shall have the following rights:
- (1) a right to inspect at any time the books, records and vouchers of the Company, and to require the Directors, general manager and other senior management members of the Company to provide any relevant information and explanation thereof;
  - (2) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of duties of such accountants' firm ; and
  - (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 shareholders' general meeting in relation to matters concerning its role as the accountants' firm of the Company.
- Article 152 (I) Before the convening of the shareholders' general meeting, the Board may fill any casual vacancy in the office of the certified public accountants' firm, but while any such vacancy continues, the surviving or continuing firm, if any, may act.
- (II) Where it is proposed that any resolution be passed at a shareholders' general meeting concerning the appointment of a certified public accountants' firm, which is not an incumbent firm, to fill a casual vacancy in the office of the certified public accountants' firm, or to reappoint a retiring certified public accountants' firm which was appointed by the Board to fill a casual vacancy, or to remove the certified public accountants' firm before the expiration of its term of office, the following provisions shall apply:
- (1) A copy of the proposal shall be sent 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 (leaving includes leaving by removal, resignation and retirement) before notice of meeting is given to the shareholders;
  - (2) If the leaving firm makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall (unless the representations are received too late):
    - (i) in any notice given to shareholders about a resolution to be made, state the representations that has been made by the accountants' firm which is about to leave;
    - (ii) deliver a copy of the representations to every shareholder entitled to receive the notice of general meeting;
  - (3) If the firm's representations are not sent in accordance with paragraph (2) above, the relevant firm may require that the representations be read out at the shareholders' general

meeting and may lodge further complaints.

- (4) A certified public accountants' firm which is leaving its post shall be entitled to attend:
- (i) the shareholders' general meeting relating to the expiry of its term of office;
  - (ii) any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal;
  - (iii) any shareholders' general meeting convened on its resignation;
  - (iv) and to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meeting in relation to matters concerning its role as the former certified public accountants' firm of the Company.

(III) Any certified public accountants' firm may resign from its office by depositing at the Company's legal residence a resignation notice. Such notice shall include the following:

- (1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any matters of which an account should be given.
- (3) Such notice shall become effective on the date of such deposit or on such later date as may be stipulated in such notice.

(IV) Where a notice is deposited under the preceding paragraph (3), the Company shall within fourteen (14) days send a copy of the notice to the competent authority. If the notice contains a statement referred to in subparagraph (ii) of paragraph (2) above, a copy of such statement shall be delivered to every shareholder entitled to obtain the financial position report of the Company.

(V) Where the notice of resignation of a certified public accountants' firm contains a statement in subparagraph (ii) of paragraph (2), the certified public accountants' firm may require the Board to convene a shareholders' extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

Article 153 The shareholders in general meeting may, by ordinary resolution, remove a certified public accountants' firm before the expiration of its office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

Article 154 The remuneration of a certified public accountants' firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in general meeting. The remuneration of a certified public accountants' firm appointed by the Board shall be determined by the Board.

Article 155 The Company's appointment of, removal of and non-reappointment of a certified public accountants' firm shall be resolved by shareholders in general meeting. The resolution of the shareholders' general meeting shall be filed with the securities regulating authority of the State Council.

Where it is proposed that any resolution be passed at a shareholders' general meeting concerning the appointment of a certified public accountants' firm, which is not an incumbent firm, to fill a casual vacancy in the office of the certified public accountants' firm, or to reappoint a retiring certified public accountants' firm which was appointed by the Board to fill a casual vacancy, or to remove the certified public accountants' firm before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the proposal about appointment or removal shall be sent 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 before notice of meeting is given to the shareholders.
- (2) Leaving includes leaving by removal, resignation and retirement.
- (3) If the leaving firm makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall (unless the representations are received too late):
  - (i) in any notice given to shareholders about a resolution to be made, state the

representations that has been made by the accountants' firm which is about to leave;  
and

- (ii) attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association.
- (4) If the firm's representations are not sent in accordance with paragraph (2) above, the relevant firm may require that the representations be read out at the shareholders' general meeting and may lodge further complaints.
- (5) A certified public accountants' firm which is leaving its post shall be entitled to attend:
  - (i) the shareholders' general meeting relating to the expiry of its term of office;
  - (ii) any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
  - (iii) any shareholders' general meeting convened on its resignation;

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

#### Article 156

- (1) Prior to the removal or the non-renewal of the appointment of a certified public accountants' firm, notice of such removal or non-renewal shall be given to the certified public accountants' firm concerned and such firm shall be entitled to make representation at the shareholders' general meeting. Where the certified public accountants' firm resigns from its post, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of the Company.
- (2) Any certified public accountants' firm may resign from its office by depositing at the Company's legal residence 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 include the following:
  - (i) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
  - (ii) a statement of any matters of which an account should be given.

Where a notice is deposited under the preceding paragraph, the Company shall within fourteen (14) days send a copy of the notice to the competent authority. If the notice contains a statement referred to in subparagraph (ii) above, a copy of such statement shall be placed at the Company's registered office for shareholders' inspection. The Company shall also send a copy of such statement to every holder of overseas-listed foreign-invested shares by prepaid mail to the addresses recorded in the register of shareholders.

Where the notice of resignation of a certified public accountants' firm contains a statement of any matters of which an account should be given, the certified public accountants' firm may require the Board to convene a shareholders' extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

In this Chapter, the implication of "accountants' firm" is the same with that of "auditor".

## CHAPTER 18 MERGER AND DIVISION OF THE COMPANY

- Article 157 In the event of the merger or division of the Company, a plan shall be proposed by the Board of the Company and shall be approved in accordance with the procedures stipulated in the Articles of Association and the relevant examining and approving formalities shall be processed as required by law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request that the Company or the shareholders who consent to such plan purchase their shares at a fair price. A special document of the Company's resolution on the merger or division should be prepared for inspection by the shareholders.  
The aforesaid document should also be dispatched to the holders of overseas-listed foreign-invested shares by mail. The recipient's address shall be that recorded in the register of shareholders.
- Article 158 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, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on merger and shall make newspaper announcement within thirty (30) days of the date of the Company's resolution on merger.  
After the merger, claims and liabilities of parties to the merger shall be taken over by the continuing company or the newly established company.
- Article 159 When the Company is divided, its assets shall be split up accordingly.  
In the event of a division of the Company, all the parties involved shall execute a division agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on division and shall make a newspaper announcement within thirty (30) days of the date of the Company's resolution on division.  
Debts incurred by the Company before its division shall be borne by the companies after the division, according to the respective agreement reached.
- Article 160 When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

## CHAPTER 19 DISSOLUTION AND LIQUIDATION OF THE COMPANY

- Article 161 The Company shall be dissolved and liquidated upon the occurrence of any of the following events:
- (1) expiry of business term or occurrence of other dissolution causes as stipulated in the Articles of Association;
  - (2) a resolution on dissolution is passed by shareholders at a general meeting;
  - (3) dissolution is necessary due to a merger or division of the Company;
  - (4) the Company is legally declared bankrupt due to its failure to repay debts due;
  - (5) the Company's business license is revoked or it is ordered to close down or it is cancelled according to law.
  - (6) The Company is ordered to be dissolved by the people's court in accordance with Section 183 of the Company Law of the People's Republic of China (as revised in 2004).
- Article 162 Where the Company is dissolved under subparagraphs (1) and (2) of the preceding Article, a liquidation committee shall be set up within fifteen (15) days of the occurrence of the dissolution events, and its members shall be determined by shareholders at a general meeting by way of ordinary resolution.
- Where the Company is dissolved pursuant to subparagraph (4) of the preceding Article, the people's court shall, according to the relevant laws, organise to form a liquidation committee comprising the shareholders, relevant authorities and relevant professionals to carry out liquidation procedures.
- Where the Company is dissolved pursuant to subparagraph (5) of the preceding Article, relevant competent authorities shall organise to form a liquidation committee comprising the shareholders, relevant authorities and relevant professionals to carry out liquidation procedures.
- Article 163 Where the Board proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, 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 is of the opinion that the Company will be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.
- Upon the passing of the resolution by the shareholders in general meeting for the liquidation of the Company, all functions and powers of the Board shall cease.
- The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting to make a report at least once every year to the shareholders' general meeting on the committee's receipts and payments, 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 164 The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and make newspaper announcement within sixty (60) days of that date. The liquidation committee shall register the creditor's claims.
- Article 165 During the liquidation period, the liquidation committee shall exercise the following functions and duties:
- (1) to ascertain the Company's assets and separately prepare a balance sheet and an inventory of assets;
  - (2) to notify creditors by sending notice or by making announcement;
  - (3) to deal with and settle the Company's outstanding business deals in relation to the liquidation;
  - (4) to settle outstanding taxes;
  - (5) to ascertain all claims and debts;

- (6) to dispose of the remaining assets of the Company after the repayment of debts; and
- (7) to represent the Company in any civil proceedings.

Article 166 After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit the same to a shareholders' general meeting or relevant competent authorities for confirmation.

The assets of the Company shall be applied for liquidation in the following order of priority:

- (1) liquidation costs;
- (2) outstanding salaries and social insurance premiums payable to the employees of the Company;
- (3) outstanding taxes;
- (4) debts of the Company.

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

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

Article 167 In the event of Company's liquidation owing to dissolution, if the liquidation committee, after ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to repay its debts, it shall immediately apply to the people's court for a declaration of bankruptcy.

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

Article 168 Following the completion of liquidation, the liquidation committee shall present a report on liquidation and prepare a statement of the receipts and payments and the financial accounts for the period of the liquidation which shall be audited by PRC certified public accountants and then submitted to the shareholders' general meeting or relevant competent authorities for confirmation.

The liquidation committee shall also within thirty (30) 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 announce the termination of the Company.

## **CHAPTER 20 PROCEDURES FOR AMENDMENT TO THE ARTICLES OF ASSOCIATION**

- Article 169 The Company may amend the Articles of Association in accordance with the provisions of laws, administrative regulations and the Articles of Association.
- Article 170 Any amendment to the Articles of Association involving anything set out in the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (“Mandatory Provisions”) shall become effective upon approval by the department in charge of company approval affairs authorized by the State Council and by the CSRC. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with the laws.

## CHAPTER 21 SETTLEMENT OF DISPUTES

Article 171

The Company shall act according to the following principles to settle disputes:

- (1) Whenever any disputes or claims arise between holders of the overseas listed foreign-invested shares and the Company, holders of the overseas listed foreign-invested shares and the Company's Directors, supervisors, general managers or other senior management members, or holders of the overseas-listed foreign-invested shares and holders of domestic-invested shares, based on the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights abovementioned is referred to arbitration, the entire claim or dispute must be referred to arbitration and any person (being the Company or a shareholder, Director, supervisor, general manager or other senior management members of the Company) who has 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 abide by the arbitration.

Disputes in relation to the identification of shareholders and disputes in relation to the register of shareholders need not be referred to arbitration.

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

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

- (3) If any disputes or claims of rights prescribed in subparagraph (1) above are referred to arbitration, the laws of the People's Republic of China shall apply, save as otherwise provided in laws and administrative regulations.
- (4) The award of an arbitration body shall be final and conclusive and binding on all parties.