

***Important Note: The following document is an English translation of its Chinese version . In case of any discrepancies or inconsistencies, the Chinese version shall always prevail.***

# 中海石油化学股份有限公司

China BlueChemical Ltd.

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## ARTICLES OF ASSOCIATION

Passed by resolutions of the First Extraordinary General Meeting of 2006 on 25 April 2006

Amended by resolutions of the Second Extraordinary General Meeting of 2006 on 25 May 2006

Further amended by resolutions of the Annual General Meeting of 2007 on 13 June 2008

Further amended by resolutions of the First Extraordinary General Meeting of 2010 on 7 February 2010

Further amended by resolutions of the Annual General Meeting of 2012 on 31 May 2013

Further amended by resolutions of the First Extraordinary General Meeting of 2017 on 24 October 2017

Further amended by resolutions of the Annual General Meeting of 2017 on 31 May 2018

The Articles are formulated pursuant to the “Company Law of the People’s Republic of China” (the “Company Law” or “CL”), the “Mandatory Provisions for Articles of Association for Companies to be Listed Overseas” (the “Mandatory Provisions” or “MP”), the “Zhen Guan Hai Han[1995]No. 1 - the Letter Opinion on the Supplementary Amendments to the Articles of Association of Companies to be Listed in Hong Kong” (the “Zhen Guan Hai Han” or “ZGHH”), the “Opinion in respect of Further Promoting the Standardised Operations and Deepening Reforms of Companies Listing Overseas” (the “Opinion”) and the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited - Main Board” (the “Listing Rules” or “LR”).

CHAPTER	TABLE OF CONTENTS	PAGE
Chapter 1	General Principles	3
Chapter 2	Objects and Scope of Business	4
Chapter 3	Shares and Registered Capital	5
Chapter 4	Reduction of Capital and Repurchase of Shares	8
Chapter 5	Financial Assistance for Acquisition of Shares of the Company	10
Chapter 6	Share Certificates and Registers of Members	12
Chapter 7	Rights and Obligations of Shareholders	16
Chapter 8	General Meetings	18
Chapter 9	Special Procedures for Voting by Class Shareholders	27
Chapter 10	Board of Directors	29
Chapter 11	Secretary to the Board of Directors of the Company	34
Chapter 12	President of the Company	34
Chapter 13	Supervisory Committee	35
Chapter 14	Qualifications and Obligations of Directors, Supervisors, President and other Senior Management of the Company	38
Chapter 15	Financial and Accounting System and Profit Allocation	43
Chapter 16	Appointment of Certified Public Accounting Firm	47
Chapter 17	Merger and Demerger of the Company	49
Chapter 18	Dissolution and Liquidation of the Company	50
Chapter 19	Procedures for Amendments to the Articles	53
Chapter 20	Resolution of Disputes	53
Chapter 21	Notices	54
Chapter 22	Miscellaneous	55

# ARTICLES OF ASSOCIATION OF CHINA BLUECHEMICAL LTD.

## CHAPTER I GENERAL PRINCIPLES

### Article 1

China BlueChemical Ltd. (the "Company") is a Sino-Foreign joint stock limited company (the ratio of foreign capital being less than 25%), established in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Securities Law of the People's Republic of China (the "Securities Law"), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Companies (the "Special Regulations") and other relevant laws and administrative regulations of the State.

Having been approved by the Ministry of Commerce and the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China, the Company is established by means of promotion, and obtained its corporate legal person business licence by registering with the Hainan Province Administration of Industry and Commerce on 25 April 2006. The Company's business licence number is: Qi Gu Qiong Zong Zi No. 010070.

The Promoters of the Company are: China National Offshore Oil Corporation, Zhejiang AMP Incorporation, Guangdong Agricultural Means of Production Corporation, Shanghai Municipal Agricultural Means of Production Corporation and Transammonia, Inc.

### Article 2

The registered name of the Company

In Chinese: 中海石油化学股份有限公司

In English: China BlueChemical Ltd.

### Article 3

Residence of the Company: No. 1 Zhu Jiang South Street, Dongfang City, Hainan Province

Telephone number: 0898-25691819

Facsimile number: 0898-25691181

Postal code: 572600

### Article 4

The legal representative of the Company is the chairman of the Company.

### Article 5

The Company is a joint stock limited company in perpetual existence.

The Company is an independent legal person under the jurisdiction and protection of the laws, regulations and other provisions of the People's Republic of China (the "PRC").

#### Article 6

Subsequent to completion of the initial public offering of the Company, the Articles of Association (the “Articles”) shall become effective and replace the Articles originally registered with the industry and commerce administration authority.

Since the date on which the Articles become effective, the Articles shall constitute a legally binding document regulating the organisation and activities of the Company, the rights and obligations between the Company and each shareholder and among the shareholders *inter se*.

#### Article 7

The Articles shall be binding on the Company and its shareholders, directors, supervisors, president and other senior management; each of the aforesaid parties may make claims in relation to matters of the Company in accordance with the Articles.

Shareholders may institute legal proceedings against the Company in accordance with the Company Law and the Articles, and so may the Company against shareholders, shareholders against each other and shareholders against directors, supervisors, president and other senior management of the Company.

“Proceedings” as referred to in the preceding paragraph shall include the proceedings taken to courts of law or arbitrations taken to arbitration authorities.

#### Article 8

“Other senior management” as referred to in the Articles shall include vice presidents, chief financial officer, secretary to the board of directors and other members of the management specified by the board of directors. Senior management includes the president and other senior management.

#### Article 9

Pursuant to the requirements of the Constitution of the Communist Party of China, an organisation of the Communist Party of China shall be established in the Company to act as the core of leadership and politics for the control of direction, overall situation and implementation. The Company shall establish an operating organ of the Party equipped with sufficient personnel to handle the business of the Party at the Company’s expense.

#### Article 10

The Company may invest in other enterprises, but unless otherwise required by law, shall not be a contributor responsible for assuming the debts of the invested enterprise.

#### Article 11

The Company is an independent corporate legal person. All actions of the Company must comply with the laws and regulations of the PRC and the listing place of its Overseas-Listed Foreign Shares and shall safeguard the legal interests of shareholders.

All the capital of the Company shall be divided into shares of equal nominal value. The liability of the shareholders towards the

Company shall be limited to the extent of their shares subscribed. The liability of the Company in its debts shall be the amount of all its assets.

## **CHAPTER 2 OBJECTS AND SCOPE OF BUSINESS**

### **Article 12**

The objects of the Company shall be: to promote and contribute values to the economic development of the PRC as a large-scale enterprise with its core business in the production and operation of fertilisers, as complemented by the production and operation of relevant chemical products, by undertaking scientific development, utilising advanced and effective business concepts and management methods, seeking win-win situation for shareholders, customers and employees, and assuming social responsibility and environmental protection obligations.

### **Article 13**

The scope of business of the Company shall be limited to the scope of business approved by the company registration authority.

The scope of business of the Company shall include: production and sale of urea, liquid ammonia, methanol, and formaldehyde; import and export trading and domestic trading of sulphur; export and domestic trading of urea, ammonium sulphate, ammonium phosphate (monoammonium phosphate, diammonium phosphate), calcium superphosphate, ammonium chloride and ammonium bicarbonate; sale of chemical raw materials and spare parts; inspection and maintenance of mechanical and electrical equipment; agrichemical service (pursuant to administrative permits if required).

The Company may adjust its scope of business from time to time in response to domestic and international market trends, business development requirements and its own development capability, subject to resolutions of general meetings and approvals of relevant government authorities.

## **CHAPTER 3 SHARES AND REGISTERED CAPITAL**

### **Article 14**

The Company shall have ordinary shares at all times. Ordinary shares issued by the Company shall include Domestic Shares and Foreign Shares. The Company may, depending on its requirements and subject to the approvals of company approving authority mandated by the State Council, create other classes of shares.

### **Article 15**

Shares issued by the Company shall have a nominal value of Renminbi 1 yuan each.

“Renminbi” as referred to in the preceding paragraph shall mean the legal tender of the People’s Republic of China.

### **Article 16**

Subject to verification and approval of securities regulatory authority of the State Council, the Company may issue shares to both domestic and overseas investors.

“Overseas investors” as referred to in the preceding paragraph shall include investors from overseas, Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company. “Domestic investors” shall include those investors within the PRC other than the aforesaid territories, who subscribe for shares issued by the Company.

#### Article 17

Shares issued by the Company to domestic investors for subscription in Renminbi are referred to as “Domestic Shares”. Shares issued by the Company to foreign investors for subscription in foreign currency are referred to as “Foreign Shares”. Foreign Shares which are listed overseas are referred to as “Overseas-listed Foreign Shares”. Foreign Shares which are unlisted overseas are referred to as “Overseas-unlisted Foreign Shares”.

“Foreign currency” as referred in the preceding paragraph shall include the legal tenders of other countries and territories, other than Renminbi, which are recognised by the foreign exchange competent authority of the State for payment of share monies to companies.

Overseas-listed Foreign Shares issued by the Company and listed in Hong Kong shall be called “H Shares”. H Shares shall refer to shares of which listing has been approved by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), with its nominal value denominated in RMB and subscribed for and traded in Hong Kong Dollars. H Shares may also be listed in any stock exchanges within the United States of America in the form of America Depositary Receipts.

Subject to approvals of the securities regulatory authority of the State Council, holders of Domestic Shares of the Company may transfer their shareholdings to overseas investors for listing and dealing on overseas stock exchanges. Subject to approvals of the securities regulatory authorities of the State Council, Overseas-unlisted Foreign Shares may be listed and dealt on overseas stock exchanges. The aforesaid shares so transferred for listing and dealing on overseas stock exchanges shall comply with the regulatory procedures, provisions and requirements of the overseas stock markets. Unless otherwise required by overseas stock exchanges, the aforesaid shares so transferred for listing and dealing on overseas stock exchanges do not require the voting of a class meeting held for such purposes.

#### Article 18

Subject to approvals of the company approving authority mandated by the State Council, the Company may issue a total number of 3,000,000,000 ordinary shares. At the time of its establishment, the Company issued a total number of 3,000,000,000 ordinary shares to the promoters, accounting for 100% of the total number of ordinary shares issuable by the Company.

#### Article 19

Subsequent to its establishment, the ordinary shares issued pursuant to the first capital increase by the Company were 1,610,000,000 Overseas-listed Foreign Shares. The share capital structure of the Company, subsequent to the issue of shares by way of capital increase was: 4,610,000,000 ordinary shares, of which 2,738,999,512 Domestic Shares were held by the promoter, China National Offshore Oil Corporation, accounting for approximately 59.414% of the total number of ordinary shares issued by the Company; 25,000,122 Domestic Shares were held by the promoter, Zhejiang AMP Incorporation, accounting for approximately 0.542% of the total number of ordinary shares issued by the Company; 25,000,122 Domestic Shares were held by

the promoter, Guangdong Agricultural Means of Production Corporation, accounting for approximately 0.542% of the total number of ordinary shares issued by the Company; 25,000,122 Domestic Shares were held by the promoter, Shanghai Municipal Agricultural Means of Production Corporation, accounting for approximately 0.542% of the total number of ordinary shares issued by the Company; 25,000,122 Overseas-unlisted Foreign Shares were held by the promoter, Transammonia Inc., accounting for approximately 0.542% of the total number of ordinary shares issued by the Company; and 1,771,000,000 Overseas-listed Foreign Shares were held by holders of Overseas-listed Foreign Shares, accounting for approximately 38.416% of the total number of ordinary shares issued by the Company.

#### Article 20

Subject to approvals of the Company's plans for issues of Overseas-listed Foreign Shares and Domestic Shares by the securities regulatory authorities of the State Council, the board of directors of the Company may conduct implementation arrangements for separate issues.

The Company may implement its plans for separate issues of Overseas-listed Foreign Shares and Domestic Shares within fifteen months from the date of approval or verification of the securities regulatory authority of the State Council in accordance with the provisions in the preceding paragraph.

#### Article 21

Where the Company plans to issue Overseas-listed Foreign Shares and Domestic Shares separately, the total number of shares to be issued as specified in the issue plan is required to be fully subscribed for in their respective offerings. Where such shares cannot be fully subscribed for in their respective offerings under exceptional circumstances, the shares may be issued by instalments subject to approval or verification of the securities regulatory authority.

#### Article 22

The registered capital of the Company is RMB4,610,000,000.

#### Article 23

The Company may, according to its requirements for operation and development, approve an increase of capital in accordance with the relevant provisions of the Articles.

The Company may increase its capital by means of the following:

- (1) offering new shares for subscription to non-specified investors;
- (2) issuing new shares by way of rights to existing shareholders;
- (3) issuing new shares to existing shareholders by way of bonus;
- (4) issuing of new shares for subscription to specified investors;
- (5) any other means permitted by laws and administrative regulations.

The Company's increase of capital by means of issue of new shares shall be conducted in accordance with procedures stipulated by the relevant laws and administrative regulations of the State subsequent to approval in accordance with the provisions of the Articles.

Article 24

Unless otherwise required by laws and administrative regulations, the shares of the Company are freely transferable and not subject to any lien.

Article 25

Subject to compliance with the Articles and other applicable provisions, once the shares of the Company are transferred, the names of the transferees of the shares shall be deemed to be holders of the shares and included in the register of members.

Article 26

The issues or transfers of all Overseas-listed Foreign Shares shall be recorded in the register of members of Overseas-listed Foreign Shares kept in the place of listing pursuant to Article 43.

Article 27

The Company shall ensure that the share certificates of all Overseas-listed Foreign Shares contains a statement of the standard instrument of transfer applicable to such transfer and shall instruct and procure its share registrar to reject the registration of any person who has subscribed, purchased or being transferred any shares of the Company to be the holder of such shares, until and unless that person has submitted to the share registrar an appropriate and executed form relating to the statement being attached to such shares.

Article 28

The Company may sell the shares of a shareholder who is untraceable and retain all proceeds if:

- (1) any dividends, being not less than three of such shares, payable within twelve years, have remained uncollected by the shareholder within that period; and
- (2) subject to approval of the securities regulatory authority, the Company has caused an announcement in newspapers giving notice of its intention to sell such shares after the period of twelve years has elapsed and such authority and the relevant overseas stock exchange and securities regulatory authority have been notified of such intention.

**CHAPTER 4            REDUCTION OF CAPITAL AND REPURCHASE OF SHARES**

Article 29

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

Article 30

In the event of a reduction in registered capital, the Company must prepare its balance sheet and an inventory list of assets.

The Company shall notify its creditors within ten days from the date of the Company's resolution for reduction of registered capital and shall make an announcement in newspapers within thirty days of the date of such resolution. A creditor shall have the right to demand the Company to settle its debts or provide a corresponding guarantee within thirty days of receiving such



notice from the Company or, in the case of a creditor who has not received any notice, within forty-five days of the date of the announcement.

The registered capital of the Company subsequent to the reduction shall not be lower than the statutory minimum amount.

#### Article 31

Subject to approval of the relevant competent authorities of the State, the Company may repurchase its outstanding issued shares in accordance with the procedures stipulated in the Articles in the following circumstances:

- (1) for the purpose of reduction of the Company's capital;
- (2) merging with another company holding shares in the Company;
- (3) granting incentive shares to workers of the Company;
- (4) demanding the Company to purchase their shares where shareholders object to the resolution of merger or demerger passed at a general meeting;
- (5) Other circumstances permitted by laws and administrative regulations.

#### Article 32

Subject to approval of the relevant competent authorities of the State, the Company may repurchase shares by one of the following means:

- (1) Offer to repurchase to all shareholders on a pro-rata basis;
- (2) Repurchase by means of open trading on a stock exchange;
- (3) Repurchase by means of an off-market agreement.

#### Article 33

Where the Company repurchases its shares by reason of Article 31(1) to (3) to the Articles or by means of an off-market agreement, prior sanction by a general meeting shall be obtained in accordance with the provisions of the Articles. Subject to the same prior sanction by a general meeting, the Company may rescind or vary the contract entered into in the aforesaid manner or waive any of its rights thereunder.

The "share repurchase contract" so referred to in the preceding paragraph shall include (but not limited to) an obligation to undertake repurchase of shares and an agreement to acquire rights to repurchase shares.

The Company may not assign contract for the repurchase of its shares or any rights thereunder.

#### Article 34

Where the Company is empowered to repurchase redeemable shares, if the repurchase is not by way of open trading or by way of offer, its prices shall not exceed a highest price cap; if the repurchase is by way of offer, the offer shall be made to all shareholders on the same conditions alike.

#### Article 35

Subsequent to repurchases by the Company in accordance with the law, shares purchased under Article 31(1) to the Articles

shall be cancelled within ten days from the date of purchase; and those purchased under Article 31(2) and (4) shall be transferred or cancelled within six months. The amount of the Company's registered capital shall be reduced by the aggregate nominal value of the shares cancelled. The Company shall apply for registration of changes in registered capital with the company registration authority in accordance with the law.

Shares purchased by the Company in accordance with the provisions of Article 31(3) to the Article shall not exceed 5% of the total number of issued shares of the Company; funds used for purchases shall be paid out of the profit after tax of the Company; the shares so purchased shall be transferred to the employees within one year.

#### Article 36

Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to the repurchase of its outstanding issued shares:

- (1) Where the Company is repurchasing shares at its nominal value, the amount payable shall be paid out of the book balance of distributable profit of the Company or the proceeds from a fresh issue of new shares made for the purpose of repurchasing existing shares;
- (2) Where the Company is repurchasing shares at a premium to its nominal value, an amount up to the nominal value shall be paid out of the book balance of distributable profit of the Company or the proceeds from a fresh issue of new shares made for the purpose of repurchasing existing shares. The amount paid in excess of the nominal value shall be dealt with in the following manners:
  1. To be paid out of the book balance of distributable profit of the Company if the shares being repurchased were issued at nominal value;
  2. To be paid out of the book balance of distributable profit of the Company or the proceeds from a fresh issue of new shares made for the purpose of repurchasing existing shares if the shares being repurchased were issued at a premium to its nominal value, provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate amount of premium received by the Company at the time of the issue of the existing shares being repurchased or the amount (including the premium on the fresh issue) standing on the Company's share premium account or capital reserve fund account;
- (3) Payments by the Company in consideration of the following purposes shall be made out of the Company's distributable profit:
  1. The acquisition of rights to repurchase its shares;
  2. The variation of any contract to repurchase its shares;
  3. The release of the Company's obligations under its share repurchase contracts.
- (4) Subsequent to the reduction of the Company's registered capital by the total nominal value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profit of the Company for paying up the nominal value of the repurchased shares shall be transferred to the Company's share premium account or capital reserve fund account.

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

#### Article 37

Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any manner to a person who is acquiring or is proposing to acquire shares in the Company. The said acquirer of shares of the Company shall include a person who undertakes obligation, directly or indirectly, as a result of acquiring shares in the Company.

Neither the Company nor its subsidiaries shall at any time provide financial assistance in any manner to the said acquirer for the purpose of reducing or discharging that obligation.

This provision is not applicable to the circumstances described in Article 39 of the Articles.

#### Article 38

“Financial assistance” as referred to in this Chapter shall include (but not limited to) the following means:

- (1) a gift;
- (2) a guarantee (including the assumption of obligation or the provision of property by the guarantor to secure the performance of obligations by the obligor), or indemnity (other than indemnity arising from the Company’s own default), or the release or waiver of any rights;
- (3) granting a loan or entering into an agreement under which the Company’s obligations are to be fulfilled prior to the obligations of the other party, or the novation or the assignment of rights of the parties to such loan or agreement;
- (4) Any other means of financial assistance provided by the Company under insolvency or in the absence of net assets or which would result in significant reduction of its net assets.

The “undertaking of obligations” as referred to in this Chapter shall include obligations undertaken as a result of a change in the obligor’s financial position following the execution of contracts or arrangements (whether or not the contract or arrangement is enforceable, and whether made on his or her own account or in joint liability with any other persons), or by any other means.

#### Article 39

The following activities shall not be deemed as prohibited activities under Article 37 of this Chapter:

- (1) The provision of financial assistance by the Company where the financial assistance is given in good faith in the interests of the Company, and the principal purpose in giving the financial assistance is not for the acquisition of the shares in the Company, or the giving of the financial assistance is an incidental part of some larger purposes of the Company;
- (2) The lawful allocation of the Company’s assets by way of dividend;
- (3) The allotment of bonus shares as distribution of dividends;
- (4) The reduction of registered capital, repurchase of shares, or reorganisation of the share capital structure of the Company effected in accordance with the Articles;
- (5) The provision of loans by the Company within its scope of business in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that the financial assistance is provided out of distributable profit of the Company to the extent such net assets are reduced);
- (6) The Company’s monetary contributions to employees’ share schemes (provided that the net assets of the Company are not thereby reduced or that the financial assistance is provided out of distributable profit of the Company to the extent such net assets are reduced).

## CHAPTER 6 SHARE CERTIFICATES AND REGISTERS OF MEMBERS

### Article 40

The share certificate of the Company shall be in the form of registered shares.

The following important particulars shall be clearly stated on a share certificate:

- (1) The name of the Company;
- (2) The date of incorporation of the Company;
- (3) The class and nominal amount of the share and the number of shares represented by it;
- (4) The serial number of the share certificate;
- (5) Other particulars required to be set out by the Company Law, Special Provisions and the stock exchange where the shares of the Company are listed.

### Article 41

Share certificate of the Company shall be signed by the legal representative. It shall also be signed by the relevant senior management of the Company if so required by the stock exchange on which the Company's shares are listed. A share certificate of the Company shall become valid upon affixing the Company's seal or imprinting it thereon. Affixing or imprinting the Company's seal on the share certificates shall require the sanction of the board of directors. The signature of the legal representative or relevant senior management on the share certificate may also be in imprinted form.

### Article 42

The Company shall keep a register of members to record the following particulars:

- (1) The name, address (residence), and occupation or nature of each shareholder;
- (2) The class and number of shares held by each shareholder;
- (3) The amounts paid or payable for shares held by each shareholder;
- (4) The serial number of the shares held by each shareholder;
- (5) The date of registration as a shareholder of each shareholder;
- (6) The date of cessation as a shareholder of each shareholder.

Unless there is evidence to the contrary, the register of members shall be sufficient evidence of the shares in the Company held by shareholders.

### Article 43

The Company may keep its register of members of Overseas-listed Foreign Shares at an overseas location and appoint an overseas agent to manage the same in accordance with the mutual understanding and agreement between the securities regulatory authority of the State Council and overseas securities regulatory authorities. The original copy of the register of members of H Shares listed shall be placed in Hong Kong.

A duplicate copy of the register of members of the Overseas-listed Foreign Shares shall be placed at the Company's residence; the overseas agent so appointed shall ensure that the original copy of the register of members of the Overseas-listed Foreign

Shares is consistent with the duplicate copy at all times.

In the event of any inconsistencies between the records of the original and the duplicate copy of the register of members of Overseas-listed Foreign Shares, the original copy shall prevail.

#### Article 44

The Company shall keep a complete register of members.

The register of members shall comprise the following parts:

- (1) The register of members to be kept in the residence of the Company other than those stipulated in items (2) and (3) of this paragraph;
- (2) The register of members of Overseas-listed Foreign Shares to be kept at the location of the stock exchange where the Overseas-listed Foreign Shares is listed;
- (3) Any registers of members to be kept in other places as determined by the board of directors to fulfil requirements for the listing of the shares of the Company.

#### Article 45

There shall be no overlap of any parts in the register of members. Any transfer of the shares registered in one part of the register of members shall not be registered in another part of the register of members so long as the registration of such shares subsists.

The alteration and rectification of each part of the register of members shall be carried out in accordance with the laws of the places where the respective parts of the register of members are kept.

#### Article 46

All fully paid-up H Shares listed in Hong Kong may be freely transferred in accordance with the Articles. However, the board of directors shall have the right to refuse to recognise any instrument of transfer without giving any reason, unless the following conditions are complied with:

- (1) A fee (for each instrument of transfer) of HK\$2.50, or such higher fee prescribed by the Hong Kong Stock Exchange having been paid to the Company, for the purpose of registration of any instrument of transfer and other documents which are related to or will affect the title to the shares;
- (2) The instrument of transfer being related to Overseas-listed Foreign Shares listed on the Hong Kong Stock Exchange only;
- (3) The stamp duties chargeable on the instrument of transfer having been paid;
- (4) The relevant share certificates together with proof evidencing the right of the transferor to transfer the shares, as the board of directors may reasonably request, having been furnished;
- (5) The number of joint holders not exceeding four in case the shares are intended to be transferred to joint holders;
- (6) The relevant shares shall be free from all liens of the Company.

If the board of directors shall refuse to register a transfer of any share, it shall, within two months after the date on which the formal application for transfer was lodged with the Company, send to the transferor and the transferee a notice of refusal to register the transfer of such share.

Shares in the Company held by the promoters are not transferable within one year from the date of establishment of the Company. Shares issued prior to the public offering of shares of the Company are not transferable within one year from the date of listing and trading of the Company's shares on the stock exchange.

The directors, supervisors, president and other senior management of the Company shall report to the Company the number of shares they held and any changes thereon. Shares transferred by them annually within their term of office shall not exceed twenty-five percent of the total number of shares in the Company they held. Shares in the Company held by them are not transferrable within one year from the date of listing and trading of the Company's shares on the stock exchange and within six months from leaving their offices of employment.

Any holders of the Overseas-listed Foreign Shares may transfer part or all of the shares in the Company by using written instruments of transfer commonly used at the place of listing or instruments of transfer with signatures executed or imprinted thereon. The above transfer of shares may use the standard instrument of transfer prescribed by the Hong Kong Stock Exchange. Instruments of transfers must be signed by both the transferor and transferee in person or by imprint.

#### Article 47

No change to the register of members as a result of the transfer of shares may be made within thirty days prior to the date of a general meeting or within five days prior to the record date for determining entitlements to the Company's distribution of dividends.

#### Article 48

The board of directors shall appoint a day as the record day for the purpose of determining shareholders' entitlements to general meetings, dividend distributions, liquidation and other activities that require the determination of entitlements. Shareholders whose names appear on the register of members at the close of the record date are the members of the Company.

#### Article 49

Any party who disputes the records of the register of members and requests to have his or her or its name entered into or removed from the register of members may apply to a court of competent jurisdiction for rectification of the register of members.

#### Article 50

Any member whose name appears on the register of members or any party who requests to have his or her or its name entered into the register of members may apply to the Company for the issuance of new share certificates in respect of the shares concerned (i.e. the "Relevant Shares") in replacement of the share certificates (i.e. the "Original Share Certificates") lost.

Applications for the issuance of new share certificates in replacement of lost shares certificates by holders of Domestic Shares shall be dealt with in accordance with the provisions of Article 143 of the Company Law.

Applications for the issuance of new share certificates in respect of the shares concerned in replacement of lost share certificates by holders of Overseas-listed Foreign Shares shall be dealt with in accordance with the laws, rules of the stock exchanges or other relevant regulations of the place where the original register of members for Overseas-listed Foreign Shares is kept.

The issuance of replacement certificates to holders of H Shares who have lost their share certificates and applied for replacement shall be subject to the following:

- (1) The applicant having applied in the standard format prescribed by the Company together with a notarial certificate or statutory declaration, the contents of which shall include the applicant's reason for the application, circumstances and evidence of the loss of share certificates and a declaration that there being no other person entitled to register as a shareholder in respect of the Relevant Shares.
- (2) The Company not having received any declaration from any person other than the applicant prior to its decision to issue new replacement share certificates, requesting to be registered as the holder of the Relevant Shares.
- (3) The Company having caused an announcement to be published in the newspapers designated by the board of directors to announce the issuance of the new replacement share certificate once it has decided to issue a new replacement share certificate to the applicant, with an announcement period of ninety days, during which the announcement shall be published at least once every thirty days.
- (4) The Company having furnished a copy of the announcement of the issuance of new replacement share certificates to be published to the stock exchange on which the shares of the Company are listed before publishing the same. The Company may forthwith publish the announcement after receiving a reply from the stock exchange confirming that the announcement has been displayed in the stock exchange. The announcement shall be displayed in the stock exchange for ninety days.

Where the application for the issuance of replacement share certificates is made without the consent of the person registered in the register of members as the registered shareholder of the Relevant Shares, the Company shall send a copy of the announcement to be published to such shareholder by post.

- (5) The Company may issue new replacement share certificates to the applicant if it has not received any objection from any person regarding the issue upon the expiration of the ninety day period for the display of the announcement stipulated in paragraphs (3) and (4) of this Article.
- (6) The Company shall forthwith cancel the Original Share Certificate upon the issuance of new replacement share certificate in accordance herewith, and enter such cancellation and issuance in the register of members.
- (7) All charges incurred by the Company in the cancellation of the Original Share Certificates and issuance of new replacement share certificates shall be borne by the applicant. The Company shall have the right to refuse taking any action until the applicant has furnished a reasonable guarantee.

#### Article 51

For a bona fide purchasers of the new share certificates issued in replacement by the Company in accordance herewith or any shareholder subsequently registered as the owner of the said shares (being a bona fide purchaser), his or her name shall not be deleted from the register of members.

Article 52

The Company shall not be liable to compensate for any loss sustained by any person by reason of the cancellation of the Original Share Certificates or the issue of new replacement certificates, unless such claimant can prove that the Company has committed fraud.

**CHAPTER 7            RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

Article 53

A shareholder of the Company is a person who lawfully holds shares in the Company and whose name appears on the register of members.

The rights and obligations of a shareholder shall be according to the class and amount of shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and obligations.

In the case of joint holders of shares, only the surviving joint holders shall be deemed by the Company as owners of the relevant shares in the event of the death of one of the joint holders. For the purpose of updating the particulars in the register of members, the board of directors shall have the right to request the provision of such evidence of death of the joint holder as they may think fit. In relation to joint ownership of any shares, only the joint holder first named in the register of members shall have the right to receive from the Company share certificates in relation to the relevant shares and notices from the Company and to attend general meeting and to exercise all the voting rights in relation to the relevant shares. Any notices served on the abovementioned person shall be deemed to have been served on all joint holders of the relevant shares.

Article 54

Holders of ordinary shares of the Company shall have the right to:

- (1) Receive dividends and other forms of distributions in proportion to the number of the shares held by them;
- (2) Requisition, hold, preside, attend or appoint proxies to attend general meetings and vote thereat in accordance with the law;
- (3) Supervise and manage and present proposals or raise enquiries about the Company's business operations;
- (4) Transfer, gift or pledge shares held by them in accordance with laws, administrative regulations and provisions of the Articles;
- (5) Obtain relevant information in accordance with the provisions of the Articles, including:
  1. The receipt of a copy of the Articles, subject to payment of costs and charges;
  2. Subject to payment of reasonable charges, the right to inspect and make copies of:
    - (1) all parts of the register of members;
    - (2) personal particulars of each of the Company's directors, supervisors, president and other senior management, including his or her:
      - (a) current and former name and alias;
      - (b) principal address (residence);
      - (c) nationality;
      - (d) full-time occupation and all other part-time occupations and duties;



- (e) identification document and its number.
  - (3) state of the Company's share capital;
  - (4) reports showing the aggregate nominal value, number, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;
  - (5) minutes of general meetings, board meetings and supervisory committee meetings;
  - (6) counterfoils of corporate bonds;
  - (7) financial statements.
- (6) Participate in the distribution of surplus assets of the Company in proportion to the number of shares held in the event of the cessation or liquidation of the Company;
  - (7) Requesting the Company to purchase their shares where shareholders object to the resolution of merger or demerger passed at a general meeting;
  - (8) Other rights conferred by laws, administrative regulations and the Articles.

No power shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

#### Article 55

Shareholders, who have submitted requests to inspect the relevant information as referred to in the preceding Article or to ask for materials, shall provide written documents to the Company to prove the class and number of shares they held. Having verified the identity of the shareholders, the Company shall provide the information in accordance with their requests.

#### Article 56

Holders of ordinary shares of the Company shall assume the following obligations to:

- (1) Abide by the Articles;
- (2) Pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) Other obligations that shall be assumed under laws, administrative regulations and the provisions of the Articles.

Shareholders shall not assume the liability to any further contribution to share capital other than those conditions agreed by the subscriber of the shares at the time of subscription.

#### Article 57

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 (as defined in the following Article), upon exercising his or her rights as a shareholder, shall not exercise his or her voting rights to make decisions 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 waive the duty of a director or supervisor to act honestly in the best interests of the Company;
- (2) To approve the expropriation by a director or supervisor (for his or her own benefit or for the benefit of another person), by any means, of the Company's assets, including (but not limited to) any opportunities beneficial to the Company;
- (3) To approve the expropriation by a director or supervisor (for his or her own benefit or for the benefit of another person)

of the individual interests in shares of other shareholders, including (but not limited to) rights to distributions and voting save pursuant to a restructuring submitted for passing in a general meeting in accordance with the Articles.

#### Article 58

A “controlling shareholder” as referred to in the preceding Article, shall mean a person who fulfils any one of the following conditions:

- (1) Having the power to elect more than one-half of the board of directors, alone or acting in concert with others;
- (2) Having the power to exercise or to control the exercise of 30% or more of the voting rights in the Company, alone or acting in concert with others;
- (3) Holding 30% or more of the issued and outstanding shares of the Company, alone or acting in concert with others;
- (4) Exercising *de facto* control over the Company in any other manner, alone or acting in concert with others.

## CHAPTER 8      GENERAL MEETINGS

#### Article 59

A general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with the law.

#### Article 60

A general meeting shall exercise the following functions and powers:

- (1) To decide on the Company’s business directions and investment plans;
- (2) To elect and replace directors and to fix the remuneration of relevant directors;
- (3) To elect and replace supervisors representing non-employees and to fix the remuneration of relevant supervisors;
- (4) To consider and approve the report of the board of directors;
- (5) To consider and approve the report of the supervisory committee;
- (6) To consider and approve the Company’s proposals for annual financial budgets and final accounts;
- (7) To consider and approve the Company’s plans for profit allocations and making-up losses;
- (8) To pass resolutions in respect of the increase or reduction of the Company’s registered capital;
- (9) To pass resolutions in respect of the merger, demerger, dissolution and liquidation of the Company;
- (10) To pass resolutions in respect of issues of bonds, other securities and listing by the Company;
- (11) To pass resolutions in respect of the appointment, removal, or non-reappointment of the certified public accounting firms;
- (12) To consider the acquisition or disposition of significant assets in excess of 30% of the latest audited total assets of the Company within one year;
- (13) To consider and approve the following guarantees:
  1. the provision of any further guarantee when the total amount of external guarantees given have reached or exceeded 30% of the latest audited total assets;
  2. the amount of a single guarantee exceeds 10% of the latest audited net assets;
  3. the provision of any further guarantee when the total amount of external guarantees given by the Company and its subsidiaries have reached or exceeded 50% of the latest audited net assets;

4. the provision of any guarantee in favour of any subject which has a gearing ratio in excess of 70%;
  5. the provision of any guarantee for and on behalf of shareholders or de facto controllers by the Company.
- (14) To amend the Articles of Association;
  - (15) To consider motions submitted by shareholders holding, either individually or jointly, 3% or more of the shares carrying voting rights in the Company;
  - (16) Other matters required by laws, administrative regulations and the provisions of the Articles to be resolved by general meetings;
  - (17) Share incentive scheme;
  - (18) Matters which have been authorised or delegated to the board of directors by general meetings.

#### Article 61

The Company shall not, without the prior approval of a general meeting, enter into any contract with any person other than a director, supervisor, president and other senior management whereby the management and administration of the whole or any substantial part of the business of the Company is to be handed over to such person.

#### Article 62

General meetings are divided into annual general meetings and extraordinary general meetings, which are to be held by the board of directors. Annual general meetings shall be held annually within 6 months after the end of the preceding accounting year.

The board of directors shall hold an extraordinary general meeting within two months in the event of any one of the following:

- (1) The number of directors falls below the number of directors provided by the Company Law or two-thirds of the number of directors required by the Articles;
- (2) The amount of losses to be made up by the Company amounted to one-third of the total amount of its paid-up share capital;
- (3) A requisition in writing by shareholders holding 10% or more of the Company's issued and outstanding shares carrying voting rights to hold an extraordinary general meeting;
- (4) The board of directors considers it necessary or the supervisory committee proposes to hold such meeting;
- (5) A request to hold such extraordinary general meeting by more than 2 independent non-executive directors;
- (6) The holding of a general meeting is necessary pursuant to the provisions of Article 111(3) of the Articles.

The subject-matter of the meeting proposed by the requisitioner under paragraphs (3), (4), (5) and (6) shall be included in the agenda of the meeting.

#### Article 63

Written notice of an annual general meeting shall be given forty-five days before the date of the meeting to notify all shareholders on the register of members of the businesses to be considered at the meeting and the date and venue of the meeting. A shareholder who intends to attend the meeting shall lodge his or her reply slip in writing to confirm attendance with the Company twenty days before the date of the meeting.

#### Article 64

When a general meeting is being held by the Company, shareholders individually or collectively holding three per cent or more of the shares of the Company carrying the right to vote, shall be entitled to propose and submit new motions in writing ten days before the date of a general meeting to the convenor of the general meeting, who should issue a supplementary notice of general meeting within two days after receipt of the same to all other shareholders and include the motions that fall within the scope of duties of a general meeting in the agenda of the meeting and table them for consideration by the general meeting.

#### Article 65

Motions for a general meeting shall satisfy the following conditions:

- (1) Its contents shall not contravene the provisions of laws and regulations and fall within the scope of business and the duties of a general meeting of the Company;
- (2) The resolutions shall have clear topics for discussion and details of matters to be decided;

The motions shall have been submitted or lodged with the Board in writing.

#### Article 66

The Company shall calculate the number of shares carrying voting rights represented by shareholders who intend to attend the meeting based on the written reply slips received twenty days before the date of the general meeting from the shareholders. If the number of shares carrying voting rights represented by shareholders who intend to attend the meeting reaches one-half or more of the Company's total voting shares, the Company may hold the meeting, otherwise the Company shall notify the shareholders again within five days by way of an announcement containing the agenda, date and venue for the meeting. The Company may hold the meeting after the publication of such announcement.

Matters not set out in the notice and supplementary notice of an extraordinary general meeting shall not be decided in such meeting.

#### Article 67

The notice of general meetings shall comply with the following requirements:

- (1) be in writing;
- (2) specify the venue, date and time of the meeting;
- (3) state the record date for shareholders who are entitled to attend general meetings;
- (4) state the name and telephone number of the liaison person of the meeting;
- (5) state the businesses to be discussed at the meeting;
- (6) provide such information and explanations as are necessary for shareholders to exercise an informed judgment on the businesses to be discussed and, the specific terms of the proposed transaction together with copies of contracts, if any, as well as a proper account of the reasons and consequences of such proposal where a proposal is made including (but not limited to) a merger, share repurchase, restructuring of share capital or otherwise;
- (7) contain a disclosure of the nature and the extent, if any, of the material interests of any director, supervisor, president and other senior management in the business to be discussed and the effect of the business to be discussed on them in their capacity as shareholders in so far as it is different from the effect on the interests of the shareholders of the same

class;

- (8) contain the full text of any special resolution proposed to be passed at the meeting;
- (9) contain an explicit statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote on his or her behalf and that a proxy need not be a shareholder;
- (10) Specify the time and venue for lodging proxy forms for the meeting.

#### Article 68

Notice of a general meeting shall be served on all shareholders (whether or not entitled to vote at the meeting) personally, by personal delivery or prepaid mail to the recipients' addresses as shown in the register of members. For holders of Domestic Shares and Overseas-unlisted Foreign Shares, notice of a general meeting may be issued by way of an announcement. For holders of Overseas-listed Foreign Shares, notice of a general meeting may also be despatched or provided through the Company's website and by any means specified by the listing rules from time to time, subject to satisfaction of laws, administrative regulations and the listing rules of the stock exchange where the Company's shares are listed.

The "announcement" as referred to in the preceding paragraph shall be published within a period of forty-five to fifty days before the date of the meeting in one or more newspapers designated by the securities regulatory authority of the State Council. Once the announcement is published, all holders of Domestic Shares and Overseas-unlisted Foreign Shares shall be deemed to have received the notice of the relevant general meeting.

#### Article 69

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 notice shall not invalidate the meeting and the resolutions passed thereat.

#### Article 70

A general meeting shall not be postponed or cancelled without proper reasons after a notice of general meeting has been despatched. Motions set out in a notice of general meeting shall not be cancelled. Once the meeting is postponed or cancelled, the convenor shall make an announcement, stating the reasons, at least two working days prior to the original date of holding the meeting.

In the event of any postponement of a general meeting by a Company, the record date, as set out in the original notice, of the shareholders who are entitled to attend the meeting, shall not be changed

#### Article 71

Any shareholder entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one or more persons (whether a shareholder or not) as his or her proxy to attend and vote on his or her behalf. The proxy so appointed may exercise the following rights in accordance with the mandate by the shareholder:

- (1) Such shareholder's right to speak at the meeting;
- (2) The right to demand or join in demanding a poll;
- (3) The right to vote by a show of hand or on a poll, provided if more than one proxy has been appointed, such proxy may only vote on a poll, unless otherwise required by the applicable listing rules or other securities laws and regulations.

Should a recognised clearing house (as defined by the laws of Hong Kong) be a member of the Company (the “Recognised Clearing House” or its nominees), such member may be authorised as it thinks fit to act as representative at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be entitled to exercise the same rights and powers on behalf of the Recognised Clearing House or its nominees, as if such person were an individual member of the Company.

#### Article 72

The instrument appointing a proxy shall be in writing under the hand of the appointer or his or her attorney duly authorised in writing or, if the appointer is a legal person, either under seal or under the hand of a director or their duly authorised attorney or other officers. The instrument appointing a proxy shall clearly state the number of shares the proxy is representing. If more than one proxy has been appointed, the instrument appointing a proxy shall state the number of shares each proxy is representing.

#### Article 73

The instrument appointing a proxy and, if such instrument is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarised copy of that power of attorney or other authority, shall be deposited at the residence of the Company or such other place as specified for that purpose in the notice of the meeting, not less than twenty-four hours before the time for holding the meeting or twenty-four hours before the time appointed for the voting. The notarised copy of power of attorney or other authority shall, together with the instrument appointing the proxy, be deposited at the Company’s address or at such other place as specified for that purpose in the notice of meeting.

If the appointer is a legal person, its legal representative or such person as is authorised by resolution of its board of directors or any other decision-making body to act as its representative may attend any general meeting of the Company.

#### Article 74

Any proxy form issued to a shareholder by the board of directors for the appointment of a proxy shall be in such format as to enable the shareholder to freely choose to instruct the proxy to vote in favour of or against each resolution and to give separate instructions for businesses to be voted on under each agenda item. Such proxy form shall contain a statement that, in the absence of instructions by the shareholder, the proxy may vote as he thinks fit.

#### Article 75

The Company shall have the right to demand a proxy attending a general meeting on behalf of a shareholder to produce his or her personal identifications and the proxy form signed by the appointer or his duly authorised attorney.

If a corporate shareholder appoints its legal representative to attend the meeting, the Company shall have the right to demand that legal representative to produce his or her personal identifications and valid proof to prove that he has the qualification of a legal representative (save for a recognised clearing house or its nominees).

#### Article 76

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer or revocation of the proxy or the authority under which the proxy was executed, or transfer of the shares in respect of which the proxy was given by the appointer, provided that no notice in writing of such death, loss of capacity, revocation or transfer as aforesaid have been received by the Company before the commencement of the meeting concerned.

#### Article 77

Resolutions of general meetings shall be passed either as ordinary resolutions or as special resolutions.

The passing of an ordinary resolution shall require votes representing more than one-half of the voting rights represented by shareholders (including proxies) present at the meeting casting in favour of the resolution.

The passing of a special resolution shall require votes representing more than two-thirds of the voting rights represented by shareholders (including proxies) present at the meeting casting in favour of the resolution.

#### Article 78

A shareholder (including proxy) voting at a general meeting shall exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote. Shares in the Company held by the Company do not have any voting right and shall not be counted in the total number of shares carrying voting rights attending a general meeting.

#### Article 79

At any general meeting, a resolution shall be decided on a show of hands unless a poll is demanded before or after any vote by show of hands by:

- (1) The chairman of the meeting;
- (2) At least 2 shareholders entitled to vote present in person or by proxy;
- (3) One or more shareholders present in person or by proxy representing in aggregate ten percent or more of all shares carrying the right to vote at the meeting.

Unless a poll is so demanded, a declaration by the chairman that a resolution has been passed on a show of hands and an entry to that effect into the minutes of the meeting shall be conclusive evidence of the fact without requiring proof to the number or proportion of votes cast in favour of or against such resolution, unless otherwise required by the applicable listing rules or other securities laws and regulations or a poll has been demanded in accordance with this provision.

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

#### Article 80

A poll demanded on the election of the chairman of the meeting or the adjournment of the meeting shall be taken forthwith. A poll demanded on any other business shall be taken at such time as the chairman of the meeting directs, and the meeting may proceed to deal with other businesses, provided that the result of the poll shall be deemed to be a resolution passed at the meeting at which the poll is demanded.

#### Article 81

In case of a poll, a shareholder (including proxy) entitled to two or more votes need not cast all his or her votes in the same way.

#### Article 82

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

#### Article 83

The following businesses shall be passed by an ordinary resolution at a general meeting:

- (1) Work reports of the board of directors and supervisory committee;
- (2) Proposals for profit allocations and making-up losses formulated by the board of directors;
- (3) Removal of directors and members of the supervisory committee, their remuneration and method of payment;
- (4) Annual budgets, final accounts, balance sheets and income statements and other financial statements of the Company;
- (5) share incentive schemes;
- (5) Businesses other than those required by laws and administrative regulations or the provisions of the Articles to be passed by special resolutions.

#### Article 84

The following businesses shall be passed by a special resolution at a general meeting:

- (1) The increase or reduction of share capital and the issue of shares of any class, warrants and other similar securities;
- (2) The issue of bonds of the Company;
- (3) The demerger, merger, dissolution or conversion of the Company;
- (4) Amendments to the Articles;
- (5) The acquisition or disposition of significant assets in excess of thirty percent. of the latest audited total assets of the Company within one year;
- (6) The provision of any further guarantee when the total amount of external guarantees given have reached or exceeded thirty percent. of the latest audited total assets;
- (7) Any other businesses as required by the laws, regulations or the Articles or which have been passed by a general meeting by way of ordinary resolutions as having a material effect on the Company and requiring approval by way of special resolutions.

#### Article 85

Shareholders requisitioning to hold an extraordinary general meeting or a class meeting shall follow the procedures below:

- (1) Two or more shareholders together holding ten percent. or more of the shares with the right to vote in the proposed meeting may requisition the board of directors to hold an extraordinary general meeting or class meeting by signing a request in writing, in one copy or in several copies with identical formats and contents, which shall contain an explanatory account of the agenda to be proposed. The board of directors shall, upon receipt of the aforesaid request, hold an extraordinary general meeting or a class meeting as soon as practicable. The aforesaid number of shares held shall be the number of shares held as at the day on which the shareholders' request is made.
- (2) If the board of directors fails to issue any notices to hold a meeting within thirty days upon receipt of the aforesaid



requisition in writing, the shareholders requisitioning such meeting, may follow the provision of the preceding paragraph (1) and requisition the supervisory committee to hold an extraordinary general meeting or class meeting. If the supervisory committee fails to hold and preside over an extraordinary general meeting or class meeting in accordance with the law within five days of receipt of the aforesaid written requisition, the shareholders who submitted the requisition and individually or collectively holding ten percent. or more of the shares with the right to vote for over ninety consecutive days may hold the meeting on their own within four months after the receipt of the requisition by the board of directors. Procedures for holding this meeting shall follow as closely as possible procedures for the holding of general meetings by the board of directors.

Any reasonable costs incurred by shareholders in holding a general meeting due to the failure of the board of directors to hold the meeting upon the aforesaid requisition shall be borne by the Company and deducted by the Company from amounts payable to the defaulting directors.

#### Article 86

A general meeting shall be attended by all directors, supervisors and the secretary to the board and attended by the president and other senior management of the Company.

Save for the divulgement of any commercial secrets of the Company in a general meeting, directors, supervisors, president and other senior management attending or present at the meeting shall reply to or elaborate the enquiries and proposals made by shareholders.

#### Article 87

A general meeting shall be called by the board of directors whose chairman shall preside as chairman of the meeting. If the chairman of the board is unable to or does not perform his duties, more than one-half of the directors may appoint a director to hold and preside over a general meeting as chairman of the meeting. If more than one-half of the directors is unable to appoint a chairman to hold and preside over a general meeting, shareholders attending a general meeting may elect another person to sit as chairman. If for any reason shareholders are unable to elect a chairman, the shareholder (including his or her proxy) attending the meeting holding the largest number of shares carrying voting rights shall be chairman of the meeting.

Where the board of directors is unable to or does not perform the duties to hold a general meeting, the meeting shall be held and presided by the supervisory committee in a timely manner. Where the supervisory committee is unable to or does not perform the duties to hold and preside over a general meeting, the shareholders individually or collectively holding ten percent. or more of the shares of the Company for over ninety consecutive days, may hold and preside over a general meeting on his own.

A general meeting called by the supervisory committee on its own shall be presided over by the chairman of the supervisory committee. Where the supervisory committee is unable to or does not perform its duties, more than one-half of the supervisors shall jointly nominate a supervisor to preside over the meeting

A general meeting held by the shareholders on its own shall be presided over by the representative nominated by the convenor.

#### Article 88

The chairman of the meeting shall be responsible for deciding whether or not a resolution has been passed. His decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes of meeting.

#### Article 89

If the chairman of the meeting shall have any doubt as to the outcome of any resolution that has been put to vote, he shall cause all votes cast on a poll to be counted. Any shareholder present in person or by proxy who disputes the announcement of the chairman of the meeting of the poll results may immediately following such announcement demand the votes be counted if the chairman of the meeting has not already done so, and the chairman of the meeting shall thereupon cause the votes to be counted.

#### Article 90

If a vote counting is taken at any meeting, the result of such counting shall be duly recorded in the minutes of that meeting.

#### Article 91

Where the business of a related party transaction is considered by a general meeting, the related party shareholders shall abstain from voting and the number of shares carrying voting right represented by them shall be excluded from the total number of valid votes. If the related party shareholders are unable to abstain from voting due to special circumstances, voting shall be conducted in accordance with the normal proceeding with the unanimous consents of other non-related party shareholders.

Where the business of provision of guarantee by the Company on behalf of a shareholder or de facto controller of the Company is considered by a general meeting, the aforesaid shareholders and shareholders controlled by the de facto shareholder shall abstain from voting on that business. Voting shall be passed by other shareholders attending the meeting and carrying more than half of the voting rights

#### Article 92

Resolutions of a general meeting shall be recorded in the minutes of that meeting and signed by the convenor, directors attending that meeting and the recorder.

Minutes of the meeting, signed attendance record of shareholders and proxy forms shall be kept at the residence of the Company for a period of no less than ten years..

#### Article 93

The shareholders may inspect duplicate copies of the minutes of general meetings free of charge during office hours. The Company shall despatch a duplicate copy of the minutes of general meetings to any shareholders requesting the same within seven days after receipt of reasonable charges.

#### Article 94

Where any shareholder is, under the Company Law, the Listing Rules or the provisions of other laws, regulations or rules, not allowed to vote on any particular resolution or restricted to vote for or against any particular resolution, any votes cast by or on

behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

## CHAPTER 9 SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS

### Article 95

Shareholders holding different classes of shares shall be regarded as class shareholders.

Unless otherwise required by laws, regulations and the Articles, all Domestic Shares and Overseas-unlisted Foreign Shares shall be deemed to be the same class of shares

Class shareholders shall be entitled to such rights and undertake such obligations as provided by laws, administrative regulations and the Articles.

### Article 96

The variation or abrogation of class rights by the Company shall be passed at a general meeting by way of a special resolution as well as passed by the affected class shareholders at class meetings held in accordance with Articles 98 to 102 hereof.

### Article 97

The following circumstances shall be deemed to be variation or abrogation of the rights of a certain class of shareholders:

- (1) The increase or decrease of the number of shares of such class, or the increase or decrease of the number of shares of another class having rights to voting, distribution or other privileges equivalent or superior to the class of shares in question;
- (2) The conversion of all or part of the shares of such class into shares of another class or vice versa or the grant of such conversion rights;
- (3) The cancellation or reduction of the right to receive accrued or accumulated dividends attached to or acquired by such class of shares;
- (4) The reduction or cancellation of preferential rights to dividends or asset distribution in the event of the Company's liquidation attached to the shares of such class;
- (5) The increase, cancellation or reduction of share conversion rights, options, voting rights, rights of transfer, pre-emptive subscription rights and rights to acquire the Company's securities attached to the shares of such class;
- (6) The cancellation or reduction of the right attached to the shares of such class to receive amounts payable by the Company in designated currencies;
- (7) The creation of a new class of shares having rights to voting, distribution or other privileges equivalent or superior to those of the class of shares in question;
- (8) The imposition or escalation of restrictions on the rights to transfer or own shares in such class;
- (9) The issuance of subscription or conversion rights for the class of shares in question or another class of shares;
- (10) The increase of rights and privileges of shares of another class;
- (11) The restructuring of the Company that would result in different classes of shareholders undertaking liability in the restructuring in a disproportionate manner;
- (12) The variation or abrogation of the terms provided herein.

#### Article 98

Shareholders of the affected class, whether or not otherwise having the right to vote at general meetings, shall have the right to vote at class meetings in respect of businesses described in paragraphs (2) to (8), (11) to (12) of Article 97, provided that interested shareholders shall not vote at class meetings.

The aforesaid “interested shareholder” shall mean the following:

- (1) In the event of a share repurchase by the Company pursuant to the provisions of Article 32 of the Articles by way of a repurchase offer on a pro-rata basis or by open trading through the stock exchange, an “interested shareholder” shall mean the “controlling shareholder” as defined in Article 58;
- (2) In the event of a share repurchase by an off-market agreement outside the stock exchange pursuant to the provisions of Article 32 of the Articles, an “interested shareholder” shall mean a holder of the shares to which the proposed contract relates;
- (3) In the event of the Company’s restructuring, an “interested shareholder” shall mean a shareholder within a class who undertakes liability to a lesser extent by proportion compared to other shareholders in the same class or who has an interest different from the interests of other shareholders in that class.

#### Article 99

Resolutions of a class meeting shall be passed, in accordance with Article 98, by votes representing more than two-thirds of the voting rights of shareholders of that class present at the meeting.

#### Article 100

The Company shall give notice of a class meeting in writing forty-five days before the date of the class meeting to notify all registered class members of the businesses to be considered, and the date and venue of the class meeting. A shareholder who intends to attend the class meeting shall deliver his or her reply slip of attendance twenty days before the date of the class meeting. The quorum of any class meeting (but excluding any adjourned meeting) held for the purpose of considering the variation or abrogation of the rights of any class of shares shall be more than one-third of the holders of that class of shares.

The Company may hold the class meeting if the number of shares carrying voting rights at the meeting represented by shareholders who intend to attend the meeting reaches more than one-half of the voting shares at the class meeting, otherwise the Company shall notify the shareholders again of the businesses to be considered and the date and venue for the meeting by way of an announcement within five days. The Company may hold the class meeting after notification by way of such announcement.

#### Article 101

Notices of class meetings shall be required to be served only on shareholders who are entitled to vote thereat.

Procedures of class meetings shall be identical with procedures of general meetings insofar as practicable. The provisions herein relating to the manner in which general meetings shall be conducted shall apply to class meetings.

Article 102

Save for holders of other classes of shares, holders of Domestic Shares and holders of Overseas-listed Foreign Shares shall be deemed to be holders of different classes of shares.

The special procedures for voting at a class meeting shall not apply in the following circumstances:

- (1) The issue of either Domestic Shares or Overseas-listed Foreign Shares or both by the Company at an interval of twelve months with the approval of a general meeting by way of a special resolution, with the number of Domestic Shares and Overseas-listed Foreign Shares proposed to be issued not more than twenty percent. of the number of issued shares outstanding in each class;
- (2) The completion of plans to issue Domestic Shares and Overseas-listed Foreign Shares upon the Company's establishment within 15 months from the date of approval of such plans by the securities regulatory authority of the State Council;

**CHAPTER 10      BOARD OF DIRECTORS**

Article 103

The Company shall have a board of directors consisting of seven to nine directors, of which one shall be the chairman.

The board of directors shall be independent of its controlling shareholders (means a company or business unit, with the qualification of a legal person, which has control over the company.)

More than one-half of the members of the board of directors shall be external directors (directors who are not employees of the Company), with at least two of them being independent non-executive directors (directors who are independent of the shareholders and not employees of the Company).

Article 104

Directors shall be elected at general meetings for a term of three years and may be re-elected and re-appointed upon expiration of their current term.

The term of office of a director appointed by a general meeting either as an additional director or to fill a casual vacancy shall become effective from the date of election until the expiry date of the current session of the board of directors.

The notice of the intention to nominate candidates as directors and the candidates' notices of accepting nominations in writing shall be sent to the Company not less than seven days after the issue of the notice of general meeting relating to the election of the directors and seven days before a general meeting is held. The period for lodgement of the aforesaid notices should be at least seven days.

The chairman shall be elected and removed by more than one-half of all the directors. The term of office of a chairman shall be for three years and may be re-elected and re-appointed.

If a new director is not elected in time prior to the expiration of the term of office of a director, or the resignation of a director

during his term will result in the number of directors falling below the quorum, the said director shall continue to perform the duties of a director in accordance with laws and regulations and the provisions of the Articles until a newly-elected director takes office.

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

The number of directors who are concurrently the chairman, deputy chairman and executive directors of the holding company and the chairman and executive directors of the Company shall not be more than two.

Directors shall not be required to hold shares in the Company.

#### Article 105

The board of directors shall be accountable to the general meeting and shall exercise the following functions and powers:

- (1) To hold general meeting and to present its work report thereat;
- (2) To implement the resolutions of general meetings;
- (3) To determine the Company's business plans and investment plans;
- (4) To formulate the Company's proposals for annual financial budgets and final accounts;
- (5) To formulate the Company's proposals for profit allocation and making up losses;
- (6) To formulate proposals for the increase or reduction of the Company's registered capital and the issue of company bonds and other securities and listing;
- (7) To draw up proposals for the merger, demerger, conversion or dissolution of the Company;
- (8) To decide on the establishment of the Company's internal management structure;
- (9) To appoint or dismiss the Company's president, and to appoint or dismiss, pursuant to the president's nomination, other senior management of the Company and to determine their remuneration;
- (10) To formulate the Company's basic management system;
- (11) To formulate proposals for amendments to the Articles;
- (12) To propose the appointment, re-appointment or termination of a certified public accounting firm for the audit service of the Company;
- (13) To exercise other functions and powers conferred by the Articles or general meetings.

Save for paragraphs (6), (7) and (11) above which shall be approved by the vote of more than two-thirds of the directors, the resolutions of the board of directors in respect of all other businesses may be approved by the vote of more than one-half of the directors.

#### Article 106

When the board of directors appoints senior management of the Company, the organisation of the Party shall deliberate the candidate nominated by the board of directors or the president and make suggestions, or recommend candidates to the board of directors and the president.

The board of directors shall consult the organisation of the Party before making decisions on significant matters such as the reform and development direction, primary objectives and missions as well as key tasks and arrangements of the Company.

#### Article 107

The board of directors shall not dispose or agree to dispose of any fixed assets of the Company without the prior approval of a general meeting if the aggregate of the expected consideration for the proposed disposition and the consideration for any disposals of fixed assets of the Company during a period of four months immediately preceding the proposed disposal, exceeds thirty-three% of the fixed asset value as shown in the latest balance sheet reviewed by the general meeting.

For the purposes of this Article, the disposal of fixed assets shall include an act involving the transfer of certain interests in assets, but shall not include the provision of guarantee against such fixed assets.

The validity of any transactions of the Company to dispose of fixed assets shall not be prejudiced by any violation of the first paragraph of this Article.

#### Article 108

The chairman shall exercise the following functions and powers:

- (1) To preside over general meetings and to hold and preside over board meetings;
- (2) To examine the implementation of resolutions of the board of directors;
- (3) To sign certificates of securities issued by the Company;
- (4) To exercise other powers conferred by the board of directors.

More than one-half of the directors shall jointly nominate a director to perform the duties of the chairman if the chairman is unable to or does not perform his duties.

#### Article 109

Specialised committees may be established by the board of directors of the Company in accordance with the requirements of relevant laws, regulations or rules.

The duties of specialised committees of the board of directors of the Company shall be determined in accordance with the relevant provisions and the resolutions of the board of directors of the Company.

#### Article 110

Board meetings shall be held at least twice every year and called by the chairman. Notice of a board meeting shall be served on all directors and supervisors at least ten days before the date of the meeting.

An extraordinary board meeting may be held upon the request of more than one-tenth of shareholders with voting rights, more than one-third of the directors or supervisors, more than two independent non-executive directors or the president. The chairman shall hold and preside over an extraordinary board meeting within ten days of receipt of the request.

Reasonable expenses incurred by a director in attending board meeting shall be paid by the Company. Such expenses shall include travelling expenses from the location of the director to the venue of the meeting (if the location of the director is different from the venue of the meeting), food and lodging expenses during the duration of the meeting, rental of the venue of the meeting and travelling expenses at the location of the meeting.

#### Article 111

Where a decision has to be made pursuant to the exercise of the preferential trading right, option or first right of refusal in relation an agreement executed between the Company and the controlling shareholders (as defined in Article 58 of the Articles):

- (1) If all the independent non-executive Directors of the Company do not agree that the Company should exercise such right, then the Company shall make a decision of the same;
- (2) If all or more than one-half of the independent non-executive Directors of the Company agree that the Company should exercise such right, then the Company shall make a decision of the same;
- (3) Save for (1) and (2) above, if under other circumstances, a board meeting should be held by the Company, and in accordance with the resolution of the Board, the Board should call a general meeting to resolve the exercise of such right by voting on the aforesaid business by a general meeting pursuant to Article 91 of the Articles.

#### Article 112

Notices of regular and extraordinary board meetings shall be given in the following means:

- (1) Where the time and venue for regular board meetings have been predetermined by the board of directors, the notices of these meetings need not be sent.
- (2) If the time and venue for board meetings have not been predetermined by the regular board meeting, the chairman of the board shall instruct the secretary to the board to notify all directors and supervisors of the time and venue for board meetings by way of telex, cable, facsimile, express mail, registered post, electronic mail or courier at least ten days in advance.
- (3) Where it is necessary to call an extraordinary board meeting in case of emergency, the chairman of the board shall instruct the secretary of the board of directors to notify all directors and supervisors of the time, venue and means for an extraordinary board meeting by way of telex, cable, facsimile, express mail, registered post, electronic mail or courier at least five days in advance.
- (4) The notice, including an agenda of the meeting, should be given in Chinese and, if necessary, with English. Any director may waive his or her rights to receive notices of board meetings.

#### Article 113

The notice of a board meeting shall be deemed to have been given to a director if he is present at such meeting, despite his disputes of not having received the notice of such meeting prior to or at the meeting.

#### Article 114

Board meetings may be conducted by way of telephone conferences or by means of similar telecommunication devices. All directors participating in the conference shall be deemed to have attended the meeting in person so long as they are able to



hear and communicate with one another clearly.

#### Article 115

Board meetings may not be held unless attended by more than one-half of the directors (including directors who have been authorised to present other directors in accordance with the provisions of the Articles).

Each director shall have one vote. Unless otherwise required by the Articles, the resolution of the board of directors shall be passed by more than one-half of the directors.

In case of an equality of votes, the chairman of the board shall be entitled to a casting vote.

For important businesses to be decided by the board of directors, the Company shall notify all directors in advance within the time prescribed by the Articles and provide sufficient information in strict accordance with the required procedures. Directors may request for supplementary information. If more than one-fourth of the directors or more than two independent non-executive directors (including non-executive and independent non-executive directors who are not employed by the Company) consider that the information is insufficient or unable to substantiate the business, they may request jointly in writing to postpone the board meeting or to consider the business at a later date, which shall be accepted by the board of directors accordingly.

If a director is connected with or related to an enterprise which is the subject-matter of the business to be resolved by a board meeting, the director shall not vote or represent other directors to vote on the resolution. The board meeting may be held by more than one-half of the unconnected or unrelated directors present. The resolution of the board meeting shall be passed by more than one-half of the unconnected or unrelated directors present. Where there are not more than three unconnected or unrelated directors present at the board meeting, the business shall be referred to a general meeting for consideration and approval.

#### Article 116

A director shall attend board meetings in person. If a director is unable to attend for any reasons, he may appoint in writing other directors to represent him to attend the board meeting on his or her behalf. The letter of appointment, which is signed or sealed by the appointer, shall state the name of representative, details of the appointment, the scope of authorisation and the period of validity.

The director so appointed shall exercise his or her power within the scope of authorisation. A director who fails to attend and appoint a representative to attend a meeting shall be deemed to have waived his or her rights to vote at that meeting.

#### Article 117

Minutes of board meetings should record the businesses considered and decisions reached by the board of directors. Directors, the secretary to the board and the scribe present at the board meeting shall sign the minutes of the meeting. The directors shall be responsible for the resolutions passed by the board of directors. Directors participating in a resolution of the board of directors shall be liable to indemnify the Company against any substantial losses incurred as a result of such resolution

contravening laws, administrative regulations or the Articles and resolutions of general meetings, save for directors who have expressed dissents in voting as recorded in the minutes shall be absolved from any liability.

The opinions expressed by independent non-executive directors shall be stated in the resolutions of the board of directors.

Minutes of board meetings should be kept as company records by the secretary to the board. Minutes of board meetings shall be in custody for a period of not less than ten years.

#### Article 118

The board may adopt written resolutions in lieu of a board meeting. However, the draft resolution must be served on each director personally by means of one of the following ways of personal delivery, post, facsimile or electronic mail. Once the draft resolution of the board of directors has been served on each of the directors and the number of directors who signed and agreed on the passing of the resolution has reached the quorum and the directors used the above means to return the signed resolution to the secretary to the board, the resolution shall become a resolution of the board without the need of calling a board meeting.

### **CHAPTER 11 SECRETARY TO THE BOARD OF DIRECTORS OF THE COMPANY**

#### Article 119

The Company shall have a secretary to the board of directors, who shall be a member of the senior management of the Company.

A member of the management of the holding company shall not hold the post of the secretary to the board concurrently.

#### Article 120

The secretary to the Company's board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board of directors. His or her primary responsibilities shall be:

- (1) To be responsible for the preparation and organisation and custody of documents of general meetings and board meetings.
- (2) To undertake that the Company has complete organisational documents and records;
- (3) To ensure that the Company, in accordance with the law, prepares and delivers those reports and documents required by the authorities entitled thereto;
- (4) To be responsible for custody of shareholders' information, undertake that the Company's register of members are properly maintained and established, and that persons entitled to the Company's records and documents are furnished with the relevant records and documents timely;
- (5) To be responsible for the coordination and organisation of information disclosure of the Company and to undertake the information disclosed by the Company are timely, accurate, valid, true and complete;
- (6) Other responsibilities required by the Articles and the listing rules of the stock exchange where the shares of the Company are listed.

#### Article 121

A director or other senior management of the Company may hold the post of the secretary to the board of directors concurrently. An accountant of the certified public accounting firm engaged by the Company shall not act as the secretary to the board of directors concurrently.

When the post of the secretary to the board is held by a director concurrently, any act that is required to be done by a director and the secretary to the board shall not be done by the same person acting in his or her dual capacity.

## CHAPTER 12      PRESIDENT OF THE COMPANY

### Article 122

The Company shall have one president, the appointment or dismissal of which shall require the approval of the board of directors, and a number of vice presidents to assist the president in his work.

Members of the senior management of the holding company shall not hold the posts of president, vice president, chief financial officer, sales and distribution manager or secretary to the board of the Company concurrently.

The term of office of the president is for three years which shall be effective from the date of resolution of the appointment and may be renewed for another term.

### Article 123

The president of the Company shall be accountable to the board of directors and shall exercise the following functions and powers:

- (1) To be in charge of the Company's production, operation and management and to organise the implementation of resolutions of the board of directors;
- (2) To organise the implementation of the Company's annual operation plans and investment plans;
- (3) To draw up plans for the establishment of the Company's internal management structure;
- (4) To draw up the Company's basic management system;
- (5) To formulate the basic rules and regulations of the Company;
- (6) To propose the appointment or dismissal of the Company's vice presidents and financial controller;
- (7) To appoint or dismiss senior management other than those required to be appointed or dismissed by the board of directors;
- (8) Other functions and powers conferred by the Articles and the board of directors.

### Article 124

The president shall be in attendance at board meetings, provided that a president who is not a director shall have no voting rights at such meetings.

### Article 125

The president of the Company shall exercise his functions and powers in accordance with laws, administrative regulations and the Articles in discharging his fiduciary obligations diligently and honestly.

## CHAPTER 13 SUPERVISORY COMMITTEE

### Article 126

The Company shall have a supervisory committee.

### Article 127

The supervisory committee shall comprise three supervisors, one of which shall be the chairman of the supervisory committee. The term of office of the chairman shall be three years, renewable upon re-election and re-appointment.

The election and removal of the chairman of the supervisory committee shall require the approval of more than two-thirds of the members of the supervisory committee.

### Article 128

The supervisory committee shall comprise one supervisor representing shareholders, one independent supervisor (a supervisor who is independent of the shareholders and not employed by the Company) and a supervisor representing employees. The supervisor representing shareholders and the independent supervisors shall be elected and removed by a general meeting; and the supervisor representing employees shall be elected and removed by the Company's employees through a general meeting of the employees' representatives, a general meeting of the employees or other forms of democratic procedures.

The term of office of a supervisor elected by a general meeting or employees of the Company either as an additional supervisor or to fill a casual vacancy shall become effective from the date of election until the expiry date of the current session of the supervisory committee.

More than one-half of the members of the supervisory committee shall be external supervisors (supervisors who are not employees of the Company, including supervisor representing shareholders and the independent supervisor). External supervisors shall have the right to report the performance of honesty, diligence and discharge of responsibility by senior management of the Company to a general meeting independently.

The ratio of supervisors representing employees in a supervisory committee shall not be less than one-third.

### Article 129

Directors, the president and other senior management of the Company shall not hold the post of supervisor concurrently.

### Article 130

Supervisory committee meetings shall be held at least once every six months. An extraordinary committee meeting may be held upon the request by a supervisor.

Supervisory committee meetings shall be called and presided over by the chairman of the supervisory committee. More than one-half of the supervisors shall jointly nominate a supervisor to call and preside over a supervisory committee meeting if the

chairman of the supervisory committee is unable to or does not perform his duties.

#### Article 131

The supervisory committee shall be accountable to the general meeting and shall exercise the following functions and powers in accordance with the law:

- (1) To review the Company's financial matters;
- (2) To supervise any acts of the directors, president and other senior management of the Company in the discharge of their duties, and to put forward proposals on removal of those who act in contravention to laws, administrative regulations or the Articles;
- (3) To demand rectification from a director, president or other senior management when the acts of such persons are harmful to the Company's interest;
- (4) To verify financial information, such as financial reports, business reports and profit allocation proposals submitted by the board of directors to general meetings, and to appoint certified public accountants or auditors in the name of the Company for re-examination in case of doubt;
- (5) To propose holding of extraordinary general meetings and to call and preside over general meetings in the event that the board of directors fails to call and preside over general meetings in accordance with the Articles;
- (6) To put forward proposals at general meetings;
- (7) To initiate an action against directors, president and other senior management in accordance with Article 151 of the Company Law;
- (8) To exercise other functions and powers provided in the Articles.

Members of the supervisory committee shall be present at board meetings, and shall raise queries or suggestions as to matters resolved by the board of directors.

#### Article 132

Notices of supervisory committee meetings shall be given in writing to all supervisors at least five days in advance by way of personal delivery, facsimile, express mail, registered post or electronic mail.

The notice of a supervisory committee meeting shall be deemed to have been given to a supervisor if he is present at such meeting, despite his disputes of not having received the notice of such meeting prior to or at the meeting.

Each supervisor shall have one vote. Resolutions of the supervisory committee shall be passed by more than two-thirds of the total number of supervisors.

#### Article 133

A supervisor shall attend supervisor committee meetings in person. If a supervisor is unable to attend for any reasons, he may appoint in writing other supervisors to represent him to attend supervisory committee meeting on his or her behalf. The letter of appointment, which is signed or sealed by the appointer, shall state the name of representative, details of the appointment, the scope of authorisation and the period of validity.

The supervisor so appointed shall exercise his or her power within the scope of authorisation. A supervisor who fails to attend and appoint a representative to attend a meeting shall be deemed to have waived his or her rights to vote at that meeting.

#### Article 134

The supervisory committee may adopt written resolutions in lieu of a supervisory committee meeting. However, the draft resolution must be served on each supervisor personally by means of one of the following ways of personal delivery, post, facsimile or electronic mail. Once the draft resolution of the supervisory committee has been served on each of the supervisors and the number of supervisors who signed and agreed on the passing of the resolution has reached the quorum and the supervisors used the above means to return the signed resolution to the chairman of the supervisory committee, the resolution shall become a resolution of the supervisory committee without the need of a supervisory committee meeting.

#### Article 135

The Company shall bear all reasonable costs for engaging professionals, such as lawyers, certified public accountants or auditors engaged by the supervisory committee in the discharge of its duties.

#### Article 136

Minutes of supervisory committee shall be kept and supervisors and the scribe present at the meeting shall sign the minutes of the meeting. Supervisors shall have the right to request that certain explanatory remarks be recorded to their speeches made at the meetings. Minutes of supervisory committee meetings should be kept as company records by the secretary to the board. Minutes of supervisory committee meetings shall be in custody for a period of not less than ten years.

#### Article 137

The supervisors shall perform their supervisory duties honestly in accordance with laws, administrative regulations and the provisions of the Articles.

### **CHAPTER 14**

#### **QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, PRESIDENT AND OTHER SENIOR MANAGEMENT OF THE COMPANY**

#### Article 138

A person may not serve as a director, supervisor, president or other senior management of the Company under one of the following circumstances:

- (1) A person without civil capacity or with limited civil capacity;
- (2) A person who has been convicted and sentenced for offences in corruption, bribery, expropriation of property, misappropriation of property or sabotage of the social economic order, or who has been deprived of his or her political rights, in each case where less than five years have elapsed since the date of expiry of such sentence or deprivation;
- (3) A person who is a former director, factory manager or manager of a company or enterprise personally liable for the bankruptcy of such company or enterprise which has become bankrupt or has been liquidated because of mismanagement, where less than three years have elapsed since the date of the completion of the liquidation of the company or enterprise;

- (4) A person who is a former legal representative of and personally liable for a company or enterprise which has its business licence revoked due to violation of the law, where less than three years have elapsed since the date of the revocation of the business licence;
- (5) A person who has a relatively large amount of personal debts due and outstanding;
- (6) A person who is under criminal investigation by judicial authority for violation of the criminal law, which case has not yet been concluded;
- (7) A person who is ineligible for enterprise leadership according to laws and administrative regulations;
- (8) A non-natural person;
- (9) A person convicted by relevant competent authorities of contravention of provisions of relevant securities laws and regulations involving acts of fraudulence or dishonesty, where less than 5 years have elapsed since the date of such conviction.

#### Article 139

The validity of an act of a director, president or other senior management on behalf of the Company vis-à-vis a bona fide third party shall not be affected by any irregularity in his or her office, election or any defect in his or her qualifications.

#### Article 140

save for obligations imposed by laws, administrative regulations or the listing rules of the stock exchanges on which the shares of the Company are listed, each of the Company's directors, supervisors, president and other senior management shall owe a duty to each shareholder in the discharge of the functions and powers conferred by the Company:

- (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 interests of the Company;
- (3) Not to expropriate by any means the Company's property, including (but not limited to) opportunities beneficial to the Company;
- (4) Not to expropriate the individual rights of shareholders, including (but not limited to) rights to distribution and voting, save pursuant to a restructuring of the Company approved at the general meeting in accordance with the Articles.

#### Article 141

The Company's directors, supervisors, president and other senior management shall have the duty to act with such care, diligence and skill as a reasonably prudent person would exercise in comparable circumstances in the performance or discharge of his or her rights or obligations.

#### Article 142

The Company's directors, supervisors, president and other senior management must observe the fiduciary principle in the discharge of his or her duties and shall not put him or her in a position where his or her interests may be in conflict with obligations undertaken. This principle shall include (but not limited to) the discharge of the following obligations:

- (1) To act honestly in the best interests of the Company;
- (2) To exercise functions and powers within their scopes and not to exceed them;
- (3) To exercise the discretion vested in him personally without allowing himself or herself to act under the control of another, and unless permitted by laws, administrative regulations or with the informed consent of shareholders in general meeting,

not to delegate his or her discretionary powers to other parties;

- (4) To treat shareholders of the same class equally and shareholders of different classes fairly;
- (5) To refrain from entering into any contract, transaction or arrangement with the Company except in accordance with the Articles or with the informed consent of shareholders in general meeting;
- (6) To refrain from exploiting the Company's property for his or her own benefit without the informed consent of shareholders in general meeting;
- (7) To refrain from exploiting his or her position to accept bribes or other illegal income or to expropriate by any means the Company's property, including (but not limited to) opportunities beneficial to the Company;
- (8) To refrain from accepting commissions in connection with the Company's transactions without the informed consent of shareholders in general meeting;
- (9) To abide by the Articles, discharge his or her duties in good faith, protect the Company's interests and refrain from exploiting his or her position and powers at the Company to advance his or her personal interests;
- (10) To refrain from exploiting his position and power in the Company to obtain for himself or for other persons the business opportunities belonging to the Company, or to operate solely or jointly with others the same business as that which is operated by the Company, or to compete with the Company in any form without the informed consent of shareholders in general meeting;
- (11) To refrain from misappropriating the Company's funds, or opening accounts in the name of himself or herself or other parties for the deposit of the Company's assets;
- (12) To refrain from lending the Company's funds to other parties, or providing any guarantee against the Company's assets without the consents of a general meeting or the board of directors;
- (13) To refrain from disclosing information of the Company acquired during his or her term of office without the informed consent of shareholders in general meeting and to refrain from using such information other than for the interests of the Company, save that disclosure of such information to the court or other governmental authorities shall be permissible if such disclosure is required:
  1. by the law;
  2. In the interests of the public;
  3. In the personal interests of the directors, supervisors, president and other senior management.

#### Article 143

The directors, supervisors, president and other senior management of the Company shall not cause the following persons or institutions ("associates") to engage in activities their engagement of which is prohibited:

- (1) Spouses or minor children of such directors, supervisors, president or other senior management
- (2) Persons acting in the capacity of a trustee of such directors, supervisors, president and other senior management or persons referred to in paragraph (1) herein;
- (3) Persons acting in the capacity of a partner of such directors, supervisors, president and other senior management or any persons referred to in paragraphs (1) and (2) herein;
- (4) Companies in which such directors, supervisors, president and other senior management exercise de facto control, whether solely or jointly with persons referred to in paragraphs (1), (2) and (3) herein or other directors, supervisors, president and other senior management of the Company;
- (5) The directors, supervisors, president and other senior management of the companies under control referred to in



paragraph (4) herein.

#### Article 144

The fiduciary duties of the directors, supervisors, president and other senior management of the Company shall not necessarily cease with the termination of their terms of office. The duty to keep confidential the business secrets of the Company shall survive the termination of their terms of office. Other duties may continue for such period as may be required by the principle of fairness, depending on the length of the period between the timing of events in question and the date of termination from office, as well as the circumstances and conditions under which their relationships with the Company are terminated.

#### Article 145

Save for the circumstances provided in Article 57, the directors, supervisors, president and other senior management of the Company may be released from any liability for breaches of a specific obligation by the informed consent of shareholders in general meeting.

#### Article 146

Where the directors, supervisors, president and other senior management of the Company hold, directly or indirectly, material interests in a contract, transaction and arrangement (other than their contracts of service with the Company) with the Company, whether executed or proposed, they shall declare the nature and extent of their interests to the board of directors as soon as practicable, whether or not such matters normally requires the approval of the board of directors.

Directors shall refrain from voting and not be counted in the quorum of any board meetings at which the board of directors resolved to approve any contracts, transactions or arrangements or any other relevant proposals in which he or any of their associates (as defined by the applicable securities listing rules from time to time) has a material interest.

Unless the interested directors, supervisors, president and other senior management of the Company disclose their interests to the board of directors in accordance with the first paragraphs herein, and the contracts, transactions, or arrangements have been approved by the board of directors at a meeting at which the interested directors, supervisors, president and other senior management are not counted in the quorum and have refrained from voting, the Company shall have the right to revoke such contracts, transactions or arrangements, except as against a bona fide party thereto acting without knowledge of the breach of obligation by the interested directors, supervisors, president and other senior management.

Directors, supervisors, president and other senior management of the Company shall be deemed to be interested in a contract, transaction and arrangement in which their associates are interested.

#### Article 147

Where a director, supervisor, president and other senior management of the Company gives to the board of directors a notice in writing stating that, by reason of the facts specified in the notice, he or she is interested in contracts, transactions or arrangements which will subsequently be entered into by the Company, such directors, supervisors, president and other senior management shall be deemed to have made the disclosure prescribed in the preceding Article of the Articles to the extent of what have been clearly explained in the notice, provided that such notice shall have been given before the question of entering

into the relevant contracts, transactions or arrangements is first taken into consideration on behalf of the Company.

#### Article 148

The Company shall not, by any means, pay taxes for and on behalf of its directors, supervisors, president and other senior management.

#### Article 149

The Company shall not extend any loans or provide any guarantee in connection with the extension of a loan, whether directly or indirectly, to the directors, supervisors, president and other senior management of the Company and its holding company or any of their respective associates.

Provisions of the preceding paragraph shall not apply to the following:

- (1) The provision by the Company of a loan or a guarantee for a loan to a subsidiary of the Company;
- (2) The provision by the Company of a loan, a guarantee for a loan or any other funds to any of its directors, supervisors, president and other senior management for the purposes of the Company or for the purpose of enabling him or her to reimburse costs incurred as a result of the discharge of his or her duties, in accordance with the terms of a service contract approved by the general meeting;
- (3) The Company may make a loan or a guarantee for a loan to any of the relevant directors, supervisors, president or other senior management and their respective associates on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the provision of guarantees for loans.

#### Article 150

A loan made by the Company in breach of the preceding Article shall be repaid forthwith by the recipient of the loan regardless of any terms thereof.

#### Article 151

A guarantee provided by the Company in breach of the Article 149(1) herein shall be unenforceable against the Company, unless:

- (1) The lender is unaware at the time of the provision of the guarantee that the guarantee has been provided in connection with a loan to an associate of a director, supervisor, president and other senior management of the Company or its holding company;
- (2) The security provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

#### Article 152

The “guarantee” referred to in the preceding Article shall include the assumption of any liability by the guarantor or the provision of property as collateral to guarantee the performance of obligations by the obligor.

#### Article 153

Save for the rights and remedies provided by laws and administrative regulations, where a director, supervisor, president or other senior management of the Company is in breach of his or her duties to the Company, the Company shall have the right to:

- (1) Demand the relevant director, supervisor, president and other senior management to indemnify the Company against

losses sustained as a result of his misconduct;

- (2) Rescind any contract or transaction entered into by the Company with the relevant director, supervisor, president and other senior management or with a third party (where such third party knows or should know that such director, supervisor, president and other senior management representing the Company is in breach of his duties owed to the Company);
- (3) Demand the relevant director, supervisor, president and other senior management to surrender profits made as a result of acts in breach of their duties;
- (4) Recover any monies received by the relevant director, supervisor, president and other senior management which should have been received by the Company, including (but not limited to) commissions;
- (5) Demand the relevant director, supervisor, president and other senior management to reimburse interest which have or may have been earned upon amounts that should have been paid to the Company.

#### Article 154

The Company shall enter into a contract in writing with each of the directors or supervisors with regard to remuneration, with the prior approval of a general meeting. The aforesaid remuneration shall include:

- (1) Remuneration for his or her service as a director, supervisor or senior management of the Company;
- (2) Remuneration for his or her service as a director, supervisor or senior management of any subsidiary of the Company;
- (3) Remuneration for the provision of other services in connection with the management of the Company and its subsidiaries;
- (4) Payments by way of compensation for loss of office or retirement of such director or supervisor.

Save for the aforesaid contracts, no proceedings shall be brought by a director or supervisor against the Company for benefits due to him or her in connection with the aforesaid matters.

Remunerations of directors, supervisors and senior management received from the Company shall be disclosed to shareholders by the Company regularly.

#### Article 155

The contract relating to remuneration entered into between the Company and each of its directors or supervisors shall provide that, subject to prior approval of a general meeting, such director and supervisor of the Company shall have the right to receive compensation or other payments in respect of his or her loss of office or retirement in the event of a takeover of the Company.

A "takeover of the Company" referred to in the preceding paragraph shall mean either one of the following:

- (1) A general offer made by any person to all shareholders;
- (2) A general offer made by any person for the purpose of becoming a "controlling shareholder", which definition shall be the same as in Article 58 herein.

If such director or supervisor does not comply with the above, any sum so received by him or her shall be reverted to persons who have sold their shares in acceptance of the aforesaid offer. The expenses incurred in distributing such sum pro rata amongst such persons shall be borne by such director or supervisor but not paid out of that sum.

## CHAPTER 15 FINANCIAL AND ACCOUNTING SYSTEM AND PROFIT ALLOCATION

### Article 156

The Company shall establish its financial and accounting system in accordance with laws, administrative regulations and PRC accounting standards formulated by the finance authority of the State Council.

### Article 157

The Company shall prepare a financial report at the end of each financial year for audit by a certified public accounting firm in accordance with the law.

The accounting year of the Company shall adopt the calendar year, which shall commence on 1 January and end on 31 December of each calendar year.

### Article 158

The board of directors of the Company shall place before shareholders at every annual general meeting such financial reports required to be prepared by the Company in accordance with relevant laws, administrative regulations and standardised directives promulgated by local governments and competent authorities.

### Article 159

The Company's financial reports shall be made available for shareholders' inspection at the Company twenty days prior to the date of annual general meeting. Each shareholder shall be entitled to obtain a copy of the said financial reports mentioned herein.

The Company shall send by prepaid mail a duplicate copy of the directors' report, accompanied by the balance sheet (including all documents required to be annexed thereto by relevant laws, administrative regulations and listing rules of the stock exchange where the shares of the Company may be listed) and income statement or profit and loss account (inclusive of the aforesaid financial reports) to each holder of Overseas-listed Foreign Shares at the recipient's address shown in the register of members, no later than twenty-one days prior to the date of a general meeting. However, for holders of Overseas-listed Foreign Shares, these may, subject to laws, administrative regulations and listing rules of stock exchanges on which the shares of the Company may be listed, be served or provided through the Company's website or by such other means as shall be stipulated from time to time under the listing rules.

### Article 160

The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations, or the international accounting standards or the accounting standards of the place of overseas listing.

Article 161

Any interim results or financial information announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations, or in accordance with the international accounting standards or the accounting standards of the place of overseas listing, subject to the accounting standards adopted by the Company.

Article 162

The Company shall publish its financial reports twice every accounting year, including the interim financial report to be published within sixty days after the first six months of each accounting year and the annual financial report to be published within one hundred twenty days after the end of each accounting year.

Article 163

The Company shall not set up separate accounting books other than its statutory books of accounts.

Article 164

The profit after tax of the Company shall be distributed in the following order:

- (1) making up for losses;
- (2) allocations to statutory reserve;
- (3) allocations to discretionary reserve upon resolution of a general meeting;
- (4) payment of dividends on ordinary shares.

Upon allocation of the profit after tax of the Company for the current year, ten percent. of the profit after tax shall be allocated and transferred to the statutory reserve. The Company may cease to allocate funds to the statutory reserve when the accumulated amount of such reserve reaches fifty percent. or above of the registered capital of the Company.

Profit of the current year shall be applied to make up the Company's losses of the previous years prior to any transfers to the statutory reserve in accordance with the provisions of the preceding paragraph if the Company's statutory reserve is insufficient for making up such losses.

The Company may make transfers from its profit after tax to the discretionary reserve with the approval of a general meeting after making transfers from the same to the statutory reserve.

The balance of the Company's profit after making up losses and transfers to the reserves shall be distributed to the shareholders on a pro-rata basis in accordance with their shareholdings.

Any distribution of profit to shareholders by a general meeting or the board of directors prior to losses are made up and transfers to the statutory reserve in contravention to the provisions of the preceding paragraph must be returned by the shareholders to the Company.

Shares in the Company held by the Company will not participate in the distribution of profit.

#### Article 165

The capital reserve shall include the following funds:

- (1) Premium received for shares issued at a premium to the nominal value;
- (2) Other income as directed by competent financial authorities of the State Council to be transferred to the capital reserve.

#### Article 166

The Company's reserve may only be applied for making up the Company's losses, expanding the production and business of the Company or to increase the capital of the Company. However, capital reserve shall not be used for making up losses of the Company.

In the event of a transfer of statutory reserve to capital, the balance of such reserve shall not be less than twenty-five percent of the registered capital of the Company prior to the transfer.

#### Article 167

Dividends shall be paid on a pro-rata basis according to the proportion of shareholdings within 6 months after the end of each accounting year. Proposal for distribution of dividend shall be passed by an ordinary resolution of a general meeting. Unless otherwise resolved by a general meeting, a general meeting may authorise the board of directors to distribute interim dividends.

#### Article 168

The Company may distribute dividends in the form of:

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

#### Article 169

The distribution of the dividends (or shares) shall be completed within two months after the resolution on profit distribution is passed by a general meeting.

#### Article 170

Dividends and other payments by the Company to holders of Domestic Shares shall be calculated and declared and payable in Renminbi. Dividends or other payments declared and payable by the Company to holders of Overseas-unlisted Foreign Shares shall be calculated and declared in Renminbi and payable in foreign currency. Dividends or other payments by the Company to holders of Overseas-listed Foreign Shares shall be calculated and declared in Renminbi and payable in the currency of the place where such Overseas-listed Foreign Shares are listed (if there is more than one place of listing, payable in the currency of the principal place of listing as determined by the board of directors).

#### Article 171

Distribution of dividends and other payments payable by the Company to holders of Overseas-listed Foreign Shares shall be in accordance with the relevant foreign exchange administration regulations of the State. In the absence of such regulations, the applicable conversion rate shall be the average mid-point rate of the relevant foreign exchange as published by the People's Bank of China on its website for the period of seven working days immediately prior to the date of declaration of such dividends and other payments.

#### Article 172

The Company shall withhold tax payable in respect of dividend to be received by shareholders and pay such tax on behalf of such shareholders in accordance with the provisions of the tax laws of the PRC.

#### Article 173

The Company shall appoint receiving agents to receive on behalf of the holders of Overseas-listed Foreign Shares in respect of the distribution of dividend and other payments by the Company on Overseas-listed Foreign Shares.

The receiving agent appointed by the Company shall meet the requirements of the relevant provisions of the law or the stock exchange of the place where the shares of the Company are listed.

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

All dividends unclaimed by shareholders for one year from the date of declaration of the dividends by the Company may be invested or otherwise made use of by the Company until claimed. Any dividends unclaimed after a period of six years from the date of declaration of the Company shall be forfeited and revert to the Company.

## **CHAPTER 16 APPOINTMENT OF CERTIFIED PUBLIC ACCOUNTING FIRM**

#### Article 174

The Company shall appoint an independent certified public accounting firm qualified under the relevant regulations of the State to audit the Company's annual financial report and review the Company's other financial reports.

The first certified public accounting firm of the Company may be appointed by the inaugural general meeting of the Company before the first annual general meeting is held and the certified public accounting firm so appointed shall hold office until the conclusion of the first annual general meeting.

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

#### Article 175

The certified public accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting when the appointment was made until the conclusion of the next annual general meeting.

#### Article 176

The certified public accounting firm appointed by the Company shall have the following rights:

- (1) To inspect the accounts, records or vouchers of the Company at any time and to request the directors, president or other senior management to provide relevant information and explanations;
- (2) To request the Company to use all reasonable measures to obtain from its subsidiaries information and explanations requisite for the discharge of duties by the certified public accounting firm;
- (3) To attend general meetings, to receive the notice of meeting or other materials related to the meetings that a shareholder is entitled to receive and to speak at any general meetings in respect of any matters that involves its capacity as the certified public accounting firm of the Company.

The Company shall provide the certified public accounting firm with authentic and complete accounting vouchers, books and financial reports and other financial materials, and shall not refuse, hide from or make any false statement to the certified public accounting firm.

#### Article 177

The board of directors may fill any casual vacancy in the office of the certified public accounting firm before the holding of a general meeting, provided other incumbent certified public accounting firms of the Company, if any, may continue to act so long as such vacancy continues.

#### Article 178

The certified public accounting firm may be removed by an ordinary resolution of a general meeting prior to the expiration of its term of office, regardless of the provisions of any terms of the contract between the certified public accounting firm and the Company, but without prejudice to the rights of the certified public accounting firm to claim for damages in respect of such removal.

#### Article 179

The remuneration of a certified public accounting firm or the manner in which such remuneration shall be ascertained shall be fixed by a general meeting. The remuneration of a certified public accounting firm appointed by the board of directors shall be fixed by the board of directors.

#### Article 180

The Company's appointment, removal and non-reappointment of a certified public accounting firm shall be resolved by a general meeting and reported to the securities regulatory authority of the State Council for record.

Where a resolution is passed at a general meeting to appoint a certified public accounting firm, other than an incumbent firm, to fill a casual vacancy in the office of the certified public accounting firm, or to re-appoint a certified public accounting firm which was appointed by the board of directors to fill a casual vacancy, or to remove the certified public accounting firm before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the proposal shall be sent before a notice of meeting is given to shareholders to the certified public accounting



firm proposed to be appointed or proposing to leave his post or which has left its post. Leaving includes removal, resignation and retirement.

- (2) If the certified public accounting firm leaving its post makes representations in writing and requests their notification to shareholders, the Company shall (unless the representations are received too late) take the following measures:
  1. in any notice of the resolution given to shareholders, state the fact of the representations having been made;
  2. send a copy of the representations to every shareholder entitled to a notice of general meeting.
- (3) If the relevant certified public accounting firm's representations are not sent under the preceding paragraph (2), the relevant certified public accounting firm may require that the representations be read out at the general meeting and may make further claims.
- (4) A certified public accounting firm which is leaving its post shall be entitled to attend:
  1. The general meeting at which its term of office would otherwise have expired;
  2. Any general meeting at which it is proposed to fill the vacancy caused by its removal;
  3. Any general meeting held by reason of its voluntary resignation.

The certified public accounting firm which is leaving its post shall be entitled to receive all copies of notices of, and other communications relating to, the aforesaid meeting, and to be heard at any such meeting which it attends on any business of the meeting which concerns it as the former certified public accounting firm of the Company.

#### Article 181

The Company shall give prior notice to the certified public accounting firm which is to be removed or not to be reappointed. The certified public accounting firm shall have the right to state its opinion at the general meeting. Where the resignation is proposed by the certified public accounting firm, it shall make clear to the general meeting whether or not there are any irregularities on the part of the Company.

The certified public accounting firm may resign its office by depositing at the Company's residence a resignation notice which shall become effective on the date on which it is deposited or such later date as may be specified therein. 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 attention of shareholders or creditors of the Company; or
- (2) A statement on any such circumstances.

Within fourteen days upon receipt of the written notice referred to in the preceding paragraph, the Company shall send a printed copy of the notice to the relevant governing authority. If the notice contains a statement under subparagraph (2) of the preceding paragraph, a copy of such statement shall be made available at the Company for shareholders' inspection. The Company shall also send a copy of such statement by pre-paid mail to each of the holders of Overseas-listed Foreign Shares at the recipient's address as shown in the register of members. However, it may, subject to laws, administrative regulations and listing rules of stock exchanges on which the shares of the Company may be listed, be served or provided through the Company's website or by such other means as shall be stipulated from time to time under the listing rules.

Where the notice of resignation of the certified public accounting firm contains a statement, it may require the board of

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

## CHAPTER 17      MERGER AND DEMERGER OF THE COMPANY

### Article 182

Any merger or demerger plan of the Company shall be proposed by the board of directors and once it has been passed pursuant to the procedures stipulated in the Articles, the relevant approval procedures shall be carried out in accordance with the law. A shareholder who objects to the merger or demerger plan shall be entitled to request the Company or shareholders who agree to the merger or demerger plan to purchase his or her shares at a fair price. The contents of the resolution on merger or demerger of the Company shall be made into a special document to be available for inspection by shareholders.

A copy of the said document shall be sent by mail to holders of H Shares to the recipients' address as shown in the register of members.

### Article 183

Merger shall be effected by two methods: merger by absorption or merger by creation of a new entity.

In a merger of the Company, all parties to a merger shall sign the merger agreement and shall prepare their respective balance sheets and inventory lists of assets. The Company shall notify its creditors within ten days from the date of passing the merger resolution and make an announcement in the newspapers within thirty days. Creditors shall, within a period of thirty days from the date of receipt of the written notification or within forty-five days from the date of the announcement for those who do not receive written notification, have the right to claim full repayment or provision of a corresponding guarantee from the Company.

Subsequent to the merger of the Company, the debts and indebtedness due to and by the parties to the merger shall be assumed by the surviving or new company.

### Article 184

In a demerger of the Company, the assets of the Company shall be divided accordingly.

In a demerger of the Company, balance sheets and inventory lists of assets shall be prepared. The Company shall notify its creditors within ten days from the date of passing the demerger resolution and make an announcement in the newspapers within thirty days.

Debts due by the Company prior to the demerger shall be assumed by the demerged companies, unless otherwise agreed between the Company and the creditors prior to the demerger in respect of the settlement of debts

### Article 185

Where registration particulars are changed as a result of the Company's merger or demerger, applications shall be made in accordance with the law to register any changes in registration particulars with the company registration authority. The Company shall proceed with the cancellation of its registration according to the law if the Company is dissolved. The Company

shall proceed with the registration of the new company in accordance with the law if a new company is established.

## CHAPTER 18 DISSOLUTION AND LIQUIDATION OF THE COMPANY

### Article 186

The Company shall be dissolved and liquidated in accordance with law in one of the following circumstances:

- (1) A resolution of the general meeting to dissolve the Company;
- (2) Dissolution required by the merger or demerger of the Company;
- (3) The Company being legally declared insolvent due to its failure to repay debts due;
- (4) The business licence of the Company being revoked or cancelled or the Company being ordered to be closed down in accordance with the law because of its violation of laws and administrative regulations;
- (5) The Company being dissolved by the people's court in accordance with the provisions of Article 182 of the Company Law.

### Article 187

Where the Company is dissolved pursuant to paragraphs (1), (4) and (5) of the preceding Article, the Company shall form a liquidation committee within fifteen days of the event and commence liquidation. The members of the liquidation committee shall be endorsed at a general meeting by an ordinary resolution. Creditors may apply to the people's court for the appointment of a liquidation committee formed by relevant persons to proceed with the liquidation if a liquidation committee has not been formed after the lapse of the prescribed period.

Where the Company is dissolved pursuant to paragraph (2) of the preceding Article, the liquidation shall be undertaken by the parties to the merger or demerger in accordance with the merger or demerger contract executed.

Where the Company is dissolved pursuant to paragraph (3) of the preceding Article, the people's court shall form a liquidation committee in accordance with the law from among shareholders, relevant authorities and relevant professionals to conduct the liquidation.

### Article 188

Where the board of directors decides to liquidate the Company (other than the Company has been declared insolvent), the board of directors shall include a statement in its notice of a general meeting to consider the proposal to the effect that, after making full enquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within twelve months from the commencement of the liquidation.

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

The liquidation committee shall act in accordance with the instructions of the general meeting to make a report at least once every year to the 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 general meeting on completion of the liquidation.

### Article 189

The liquidation committee shall inform creditors within ten days of its establishment and make an announcement in the newspapers within sixty days.

Creditors shall register the debts due to them to the liquidation committee within thirty days upon receipt of notice or within forty-five days from the date of the announcement if no notice is received. Creditors registering their debts shall elaborate details of their debts and provide evidence of proof. The liquidation committee shall register the debts.

#### Article 190

The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (1) To sort out the assets of the Company, prepare balance sheet and inventory lists of assets respectively;
- (2) To notify creditors by notice or public announcement;
- (3) To handle and liquidate the unfinished business of the Company;
- (4) To settle all outstanding taxes due and taxes incurred during the process of liquidation;
- (5) To sort out all debts and indebtedness due to and by the Company;
- (6) To deal with the surplus assets of the Company after repayment of all debts;
- (7) To represent the Company in civil litigation.

#### Article 191

The liquidation committee shall formulate a liquidation plan and submit it to the general meeting or people's court for confirmation after sorting out the assets of the Company and preparing the balance sheet and inventory lists of assets.

The Company's assets shall be used for repayment in the order of priority required by laws and regulations. If there is no applicable law, the repayment shall be conducted in the order of priority determined to be fair and reasonable by the liquidation committee.

Surplus assets remaining after repayment of debts in accordance with preceding paragraph shall be distributed to shareholders in accordance with the classes and proportions of shares held.

The Company shall not commence any business operations unrelated with the liquidation during the liquidation period.

#### Article 192

The liquidation committee shall forthwith apply to the people's court for declaring the Company insolvent if the Company is liquidated by reason of dissolution and the liquidation committee discovers, after sorting out the assets of the Company and preparing the balance sheet and inventory lists of the Company's assets, that the Company's assets are insufficient to repay all the debts of the Company.

After the Company has been declared bankrupt by the people's court, the liquidation committee shall hand over its liquidation duties to the people's court.

#### Article 193

After completion of the liquidation of the company, the liquidation committee shall prepare a liquidation report, the income and expenditure account and financial records in respect of the liquidation period. The said reports and records shall be confirmed by a general meeting or the people's court after the said reports and records have been verified by a PRC certified public accountant.

Within thirty days after the confirmation by a general meeting or the people's court, the liquidation committee shall submit the said reports and records to the company registration authority and apply for a cancellation of the registration of the Company and make an announcement of the cessation of the Company.

## CHAPTER 19 PROCEDURES FOR AMENDMENTS TO THE ARTICLES

### Article 194

The Company may amend the Articles in accordance with laws, administrative regulations and the provisions of the Articles.

### Article 195

Amendments to the Articles shall be effected by the following procedures:

- (1) A resolution shall be passed by the board of directors in accordance with the provisions herein to propose to a general meeting the amendment to the Articles and a draft of such amendments shall be made;
- (2) Shareholders of the Company shall be notified of the aforesaid draft amendments to the Articles and a general meeting shall be held to vote on the amendments;
- (3) Subject to the relevant provisions of the Articles, the draft amendments to the Articles shall be approved by a special resolution of a general meeting.

A general meeting may authorise the board of directors of the Company by an ordinary resolution:

- (1) If the Company increases its registered capital, the board of directors of the Company shall have the right to amend the contents relating to the registered capital of the Company in the Articles in accordance with the specific conditions;
- (2) If the new Articles passed by a general meeting is submitted to the competent authority for approval and changes in wordings and order of provisions are required, the board of directors of the Company shall have the right to make corresponding amendments in accordance with the requirements of the competent authority.

### Article 196

Amendments to the Articles involving the contents of the Mandatory Provisions shall become effective upon approval by companies approving authority mandated by the State Council and the securities regulatory authority of the State Council. Amendments involving any change to such registration particulars shall be registered in accordance with law.

## CHAPTER 20 RESOLUTION OF DISPUTES

Article 197

The Company shall abide by the following rules on the resolution of disputes:

- (1) Disputes or claims related to the Company's affairs arising between holders of the Overseas-listed Foreign Shares and the Company, or between holders of the Overseas-listed Foreign Shares and the Company's directors, supervisors, president or other senior management, or between holders of the Overseas-listed Foreign Shares and holders of the Domestic Shares arising from rights or obligations required by the Articles, the Company Law and any other relevant laws and administrative regulations shall be submitted by the relevant parties for resolution by arbitration.

Where a dispute or claim falling within the scope stated above is referred to arbitration, the entire dispute or claim shall be referred to arbitration and all persons (being the Company, or the shareholders, directors, supervisors, president or senior management of the Company) who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim shall submit to arbitration.

Disputes in relation to the definition of a shareholder and the register of members need not be resolved by way of arbitration.

- (2) A claimant may elect arbitration either at the China International Economic and Trade Arbitration Commission in accordance with its rules or at the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant has submitted 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 the Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (3) The laws of PRC shall apply in disputes or claims of rights mentioned in paragraph (1) above submitted to arbitration, unless otherwise provided in the laws and administrative regulations.
- (4) The award of an arbitration body shall be final and conclusive and binding on all parties.

## CHAPTER 21 NOTICES

Article 198

Notices of the Company shall be served in the following forms:

- (1) delivery by person;
- (2) delivery by pre-paid mail;
- (3) by publishing announcement in newspapers;
- (4) Subject to the laws, administrative regulations and the relevant provisions of the listing rules of the stock exchange where the shares of the Company are listed, on the website of the Company and the websites designated by the listing

rules from time to time;

- (5) other forms as agreed beforehand between the Company and the one being notified, or endorsement by the one being notified of having received the notice;
- (6) other forms required by laws, administrative regulations, listing rules of the stock exchange where the shares of the company are listed and the Articles.

#### Article 199

Notices served by mail shall be deemed to have been received by a shareholder five days after such letter of notice has been put into an envelope on which the address is clearly written and posted by pre-paid mail.

#### Article 200

Any notices, documents, information or written statements served on the Company by a shareholder or director may be served by personal delivery or registered post sent to the legal address of the Company.

#### Article 201

In order to prove that any notices, documents, information or written statements have been served on the Company, a shareholder or director must submit proof that the relevant notices, documents, information or written statements have been served on the Company within the prescribed time in a manner in which the same are ordinarily sent and have been posted to the correct address in prepaid mail.

## CHAPTER 22 MISCELLANEOUS

#### Article 202

Unless expressly provided otherwise, in the Articles, references to “or more” shall include the numbers to which they refer and references to “exceed”, “over”, “less than” and “below” shall exclude the numbers to which they refer.

For the purposes of the Articles, a certified public accounting firm shall have the same meaning as an “auditor”.

For the purposes of the Articles, a de facto controller shall mean a person who has de facto control of the actions of a company through investment relationship, agreement or other arrangement, although he is not a shareholder of the company.

The president of the company may also be called as the “general manager”, and a vice president may also be called as the “deputy general managers.

Where an executive director of a company also holds the position of president, he may be called as the “CEO”. The financial controller of a company may also be called as the “CFO”.

For the purposes of the Articles, “notice” shall mean the exchanges of letter between the Company and third parties (including but not limited to shareholders, directors, supervisors, regulatory authorities, creditors, certified public accounting firms, as the case may be), of which the “notices” to shareholders shall mean any documents which the Company issues or shall issue to shareholders for reference or taking actions, including but not limited to: notice of meetings, directors’ report, annual accounts

accompanied by auditor's report, interim report, listing documents, circulars and proxy forms/power of attorney.

Article 203

The Articles is written in Chinese. The Chinese version of the Articles shall prevail in case of inconsistency with other version in any language.

Article 204

The Articles shall be subject to the interpretation of the board of directors.