

*(Note: This English translation of the Articles of Association of the Company is for reference only. In case of inconsistency between the Chinese versions of the Company's Articles of Association and this English translation, the original Chinese version shall prevail.)*

ARTICLES OF ASSOCIATION OF BEIJING NORTH STAR COMPANY  
LIMITED

(Approved by way of special resolution at the annual general meeting of 2019 on 16 June 2020)

# **ARTICLES OF ASSOCIATION OF BEIJING NORTH STAR COMPANY LIMITED**

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# **ARTICLES OF ASSOCIATION OF BEIJING NORTH STAR COMPANY LIMITED**

## **Chapter 1 General Principles**

Article 1 Beijing North Star Company Limited (or the “Company”) is a joint stock limited company established in accordance with the “Company Law of the People’s Republic of China” (the “Company Law”), “the State Council’s Special Regulations on Overseas Offering and Listing of shares by Joint Stock Limited Companies” (the “Special Regulations”), and other relevant legislations and administrative regulations of the PRC. The Company was registered on 2nd April, 1997 with the Municipal Administration Bureau for Industry and Commerce in Beijing, the People’s Republic of China.

The Company is established by way of promotion under the approval given under the State Council Committee for the Restructuring of Economic Systems Document Ti Gai Sheng No.[1997]32. It has been registered on 2nd April, 1997 with the Beijing Administration Bureau of Industry and Commerce of the People’s Republic of China and the business licence thereof has been obtained. The unified social credit code of the Company is 91110000633791930G.

The name of the promoter is: Beijing North Star Industrial Group Limited Liabilities Company.

Article 2 The registered name of the Company:

Chinese: 北京北辰實業股份有限公司

English: BEIJING NORTH STAR COMPANY LIMITED

Article 3 Address of the Company: No.8 Bei Chen Dong Road, Chao Yang District, Beijing, the People’s Republic of China

Postal Code: 100101

Telephone No.: (010) 6499 1284

Facsimile: (010) 6499 1967

Article 4 The chairman of the Company shall be the legal representative of the Company.

Article 5 The Company is a joint stock company with perpetual existence.

Article 6 The rights and obligations in respect of the Company enjoyed and assumed by shareholders of the Company shall be limited to the extent of the class and number of shares held by them. The Company shall be liable to its creditors to the extent of all of its assets.

The Company is an independent legal person, governed and protected by the laws and administrative regulations of the People's Republic of China.

Article 7 The existing Articles of Association of the Company (the "Articles of Association" or the "Articles") shall be amended and enacted in accordance with the "Company Law of the People's Republic of China", "Securities Law of the People's Republic of China", "Guidelines on Articles of Association of Listed Companies", "Constitution of the Communist Party of China" (the "Party Constitution"), provisions of other laws, regulations and political documents in the PRC. The Articles shall become effective upon the passing of a special resolution at the shareholders' general meeting and the approval of the authorized approval authorities of the State Council. When the new Articles take effect, it shall override the existing Articles.

Article 8 From the date when the Articles of Association take effect, the Articles of Association shall constitute a legally binding document regulating the structure and activities of the Company and governs the rights and obligations between the Company and its shareholders and among the shareholders.

Article 9 The Articles of Association of the Company shall be binding on the Company, its shareholders, members of the Party Committee (Discipline Committee) of the Company, directors, supervisors, manager and other senior management. All the persons mentioned above may, pursuant to the Articles of Association, put forward claims concerning the affairs of the Company.

The shareholders may, in accordance with the Articles of Association, bring litigations against the Company. The Company may, in accordance with the Articles of Association, bring litigations against the shareholders. The shareholders may, in accordance with the Articles of Association, bring litigations against each other. The shareholders may, in accordance with the Articles of Association, bring litigations against the directors, supervisors, manager and other senior management. The Company may, in accordance with the Articles of Association, bring litigations against the shareholders, directors, supervisors, manager and other senior management.

For the purpose of this article, "litigations" include taking court proceedings and arbitration proceedings.

Article 10 The Company may invest in other enterprises. However, the Company shall not, unless otherwise stipulated by the laws, be the financier assuming joint liability for the debts of the enterprises so invested.

Article 11 Other senior management of the Company refer to the secretary to the board of directors, the deputy manager, the financial controller, the chief legal adviser, the chief economist and the chief engineer of the Company.

Article 12 In accordance with the requirements of the Party Constitution, the Company has established an organization of the Communist Party of China and the organization plays the core leadership role, functioning as the political core of the Company, providing direction, managing the overall situation and ensuring implementation. The Company shall establish a working organization for the Party so as to provide the necessary conditions

to facilitate the activities of the Party organization.

## **Chapter 2 Business Objects and Scope**

Article 13 The objects of operations of the Company shall be:

to utilize the social capital within and outside the PRC to develop the property investment and development; to expand both the domestic and international markets; to become a top company of the world by focusing on quality and quantity, relying on markets and aiming at efficiency, implementing advanced scientific management and employing flexible operating principles so as to ensure that the shareholders as a whole can obtain satisfactory economic benefits.

Article 14 The scope of business operations of the Company is based on the projects approved by the industry and commerce registration authorities. The scope of business operations of the Company includes:

Property management; leasing of office, apartments and guest houses; accommodation services; real estate development and construction, property acquisition and sale of commodity housing; contracting of international and domestic conferences, leasing of exhibition venues and facilities, provision of conference services; sale and leasing of venues and facilities for wholesale, retail, catering and entertainment uses; commercial retailing (including sales in the form of agency and consignment): department stores, textiles, metals and electrical products, gold and silver ornaments, furniture, calligraphy and drawings, grocery, foodstuff, cereal and oil, vehicle spare parts, pet food, computer, domestic publications published publicly, birth control materials, anti-theft safes, motorcycles, pharmaceuticals, proprietary traditional Chinese medicines, medical equipment, tobacco (retail only); embossing service; repair of time pieces, electrical appliances; optical and specs services; food and beverage services; health consultation; leasing and retail of audio and video tape products; catering services, cultural, recreation and entertainment services (other than those prohibited by the State); technological development of mechanical and electrical equipment, laser and electronics; technical services; transfer, equipment installation, mechanical and cleansing equipment maintenance, repair of daily consumables, cosmetics and hair-dressing, bathing services, video recording services; commercial services such as typing and photocopying, storage services, information enquiry services; paid parking facilities for motor vehicles; and garment processing works; organizing conferences, exhibitions and shows; leasing of audio and lighting devices; etiquette services; conference and exhibition services; leasing of conference and exhibition furniture; operation of swimming and sports projects; technical services; leasing of machinery and equipment; cultural and artistic exchanges; planning and organizing of cultural and artistic activities; consulting relating to culture and art; investment and operation of cultural projects; technical training; Internet information services.

Article 15 With the approvals of the relevant government authorities, the Company may from time to time make adjustments to its investment policy, scope and means of operations in view of domestic and international market trends, business development needs within the PRC and the Company's own development capability and business needs. The

Company may also set up subsidiaries, branches and offices both within and outside the PRC and in the regions of Hong Kong, Macau and Taiwan.

### **Chapter 3 Share Capital and Registered Capital**

Article 16 The Company may at any time create ordinary shares: The ordinary shares issued by the Company shall include domestic shares and foreign shares. Having regard to its requirements and upon the approvals of the approving authorities authorized by the State Council, the Company may create other classes of shares.

Article 17 The shares issued by the Company shall have a par value of Renminbi 1 per share.

Article 18 The Company may issue shares to domestic investors and overseas investors upon the approval of the authorities of the State Council responsible for securities.

The aforesaid overseas investors shall mean the investors from foreign countries and the regions of Hong Kong, Macau and Taiwan who subscribe for the shares issued by the Company; domestic investors shall mean the investors within the PRC other than those investors from the aforesaid regions.

Article 19 The shares issued by the Company to the domestic investors and subscribed in Renminbi shall be called domestic shares. The shares issued by the Company to the overseas investors and subscribed in foreign currency shall be called foreign shares. Those foreign shares listed overseas shall be called overseas listed foreign shares. Shareholders of domestic shares and overseas listed foreign shares are ordinary shareholders and shall have the same rights and obligations.

The aforesaid foreign currency shall mean the legal currency of other countries or areas, other than Renminbi, recognized by the foreign exchange authority of the PRC for the purpose of payment for the shares to the Company.

Article 20 The domestic shares issued by the Company shall be called A shares. The foreign shares issued by the Company and listed in Hong Kong shall be called H shares. H shares shall mean the shares which have been admitted for listing on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “HKSE”) and the par value of which is denominated in Renminbi and are subscribed for and traded in Hong Kong dollars.

Article 21 The share capital structure of the Company shall be: 3,367,020,000 ordinary shares, of which the domestic shareholder, Beijing North Star Industrial Group Limited Liabilities Company, holds 1,161,000,031 shares, representing approximately 34.48% of the total number of ordinary shares of the Company; shareholders of overseas listed foreign shares (H shares) hold 707,020,000 shares, representing approximately 21% of the total number of ordinary shares of the Company; and other shareholders of PRC listed domestic shares (A shares) hold 1,498,999,969 shares, representing approximately

44.52% of the total share capital of the Company.

Article 22 Upon the plan for the issue by the Company of overseas listed foreign shares and domestic shares being approved by the authorities of the State Council responsible for securities, the board of directors of the Company may implement arrangements, for the respective issue thereof.

The plan for the issue of overseas listed foreign shares and domestic shares may be implemented respectively by the Company pursuant to the provisions as aforesaid within fifteen (15) months upon the approval of the authority of the State Council responsible for securities.

Article 23 Where the total number of shares to be issued by the Company as determined under the plan includes the number of overseas listed foreign shares and the number of domestic shares, the capital shall be raised by one instalment; where the capital cannot be raised by one instalment under special circumstances, it can be raised by separate instalments with the approval of the authority of the State Council responsible for securities.

Article 24 The registered capital of the Company shall be Renminbi 3,367,020,000.

Article 25 The Company may, based on its operation and business requirements, approve an increase in its capital in accordance with the relevant provisions of the Articles of Association.

The manners in which the capital of the Company may be increased are as follows:

- (1) offer of new shares to investors, whether particularly designated or not;
- (2) issue of new shares to existing shareholders by way of rights;
- (3) bonus issue of new shares to existing shareholders;
- (4) convert statutory reserve fund to increase share capital;
- (5) other methods as permitted by the laws and administrative regulations.

The increase in the capital of the Company by way of issuing new shares pursuant to the provisions of the Articles of Association shall be implemented in accordance with relevant laws and administrative regulations of the PRC.

Article 26 Save as otherwise stipulated by the laws and administrative regulations, different classes of shares may be transferred pursuant to the laws within the respective territories where such shares are in circulation and they shall be free from any lien.

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

Article 27 In respect of exercising the right to cease the delivery of dividend warrants by post, if such dividend warrants have been left uncashed, the right may only be exercised after such dividend notes have been so left uncashed on two consecutive occasions. However, such power may be exercised on the first occasion under which such warrant is returned undelivered.

The Company may sell the shares of untraceable shareholders and keep the sale proceeds, if:

(1) within a period of twelve (12) years, dividends have been distributed in respect of the relevant shares for at least 3 times but were not claimed by any shareholders during such period; and

(2) upon the expiry of twelve (12) years, the Company gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and upon the approval by the securities regulatory body of the State Council to make a public announcement and the notice has been served to the aforesaid regulatory body and the relevant securities regulatory bodies overseas.

Article 28 The Company may reduce its registered capital pursuant to the provisions of the Articles of Association.

In the event that the amount of registered capital of the Company is to be reduced, the Company shall proceed with the matter in accordance with the Company Law and other relevant regulations and the procedures stipulated by the Articles of Association.

Article 29 Upon the reduction of registered capital, the Company shall prepare a balance sheet and a list of its assets.

The Company shall notify its creditors within ten (10) days from the date of passing of the resolution for the reduction of registered capital and shall publish the notice at least three times in a newspaper within thirty (30) days thereof. The creditors who have received the said notice shall have the right within thirty (30) days from the date of receiving the notice, and the creditors who have not received the notice shall have the right within forty-five (45) days from the date of the notice being first published, to demand the Company to settle the debts or to provide corresponding security in respect of the debts.

The registered capital shall not be less than the minimum statutory requirement after the reduction of capital.

Article 30 In the following circumstances, the Company may repurchase its shares in accordance with the requirements of laws, administrative regulations, departmental rules and the Articles of



Association:

- (1) to reduce the registered capital of the Company;
- (2) to amalgamate with other companies which own shares in the Company;
- (3) to use the shares for employee stock ownership plan or for share incentive scheme;
- (4) to acquire shares held by shareholders (upon their request) who vote against any resolution proposed in any shareholders' general meeting on the merger or division of the Company;
- (5) to use the shares for conversion of corporate bonds issued by the Company which are convertible into shares;
- (6) such circumstances that are necessary for the Company to safeguard its company value and the shareholders' equity;

Save for the above circumstances, the Company shall not purchase its shares.

The Company shall repurchase its issued shares in accordance with the provisions of Articles 32 to 35.

Article 31 In respect of the Company's right to repurchase redeemable shares:

- (1) if the shares are not repurchased from the market or by tender, the repurchase price of the shares must be limited to a maximum price; and
- (2) if the shares are repurchased by tender, the relevant tender must be available to all shareholders in the same manner .

Article 32 The Company may repurchase its shares through public and centralized trading or other methods that are recognized by laws and regulations and the China Securities Regulatory Commission (CSRC).

Where the Company repurchases its own shares in the circumstances set out in clauses (3), (5) and (6) of the first paragraph of Article 30 of the Articles of Association, such repurchase shall be conducted through public and centralized trading.

Article 33 Where the Company repurchases shares by way of agreement other than through a stock exchange, it shall obtain the prior approval of the shareholders in general meeting according to the provisions of the Articles of Association. Where prior approval has been obtained from the shareholders in general meeting in the same manner, the Company may release or modify the agreement entered into in the aforesaid manner or waive any right granted under such agreement.

The agreements to repurchase shares referred to above shall include (but not limited to) agreements agreeing to undertake the obligations to repurchase shares or acquiring the rights to repurchase shares.

The agreements to repurchase shares on the repurchase of shares or any of the rights provided therein are not capable of being assigned by the Company.

Article 34 Where the Company repurchases its shares in the circumstances set out in clauses (1) and (2) of the first paragraph of Article 30 of the Articles of Association, it shall be subject to approval at the shareholder's general meeting. Where the Company repurchases its shares in the circumstances set out in clauses (3), (5) and (6) of the first paragraph of Article 30 of the Articles of Association, it may be resolved by more than two-thirds of directors present at a meeting of the board of directors in accordance with the provisions of the Articles of Association or the authorization of the shareholders' general meeting.

In the event that the Company has repurchased its shares in accordance with the first paragraph of Article 30, such shares shall be cancelled within 10 days in the circumstance set out in clause (1), or shall be transferred or cancelled within 6 months in the circumstances set out in clauses (2) and (4); the aggregate number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within 3 years in the circumstances set out in clauses (3), (5) and (6).

After the Company has completed the repurchase of its shares, the Company shall apply to the original company registration authority for registration of alteration of such registered capital. The registered capital of the Company shall be deregistered (deducted) by the total nominal value of the shares so cancelled.

Article 35 Unless the Company is in the process of liquidation, the repurchase of issued shares by the Company shall be subject to the following provisions:

(1) if the shares are repurchased at face value, payment may be made out of the balance of the distributable profits in the books of the Company and from the proceeds of fresh issue of new shares for the purpose of repurchase of issued shares;

(2) if the shares are repurchased at a premium, payment up to the face value may be made out of the balance of the distributable profits in the books of the Company and from the proceeds of fresh issue of new shares for the purpose of repurchase. Payment of the portion in excess of the face value shall be effected in the following manner:

(i) if the repurchased shares were issued at par value, payment shall be made out of the balance of distributable profits in the books of the Company;

(ii) if the repurchased shares were issued at a premium, payment shall be made out of the balance of distributable profits in the books of the Company and from the proceeds of fresh issue of new shares for the purpose of share repurchase provided that, the amount

paid out of the proceeds of fresh issue of new shares shall not exceed the aggregate of premium received on the issue of the shares repurchased, nor the amount of capital surplus reserve fund account of the Company at the time of such repurchase (including the amount of the premium received on the fresh issue of new shares).

(3) The payment for the following shall be made out of the distributable profits of the Company:

- (i) to acquire rights to repurchase its shares;
- (ii) to amend the contract of the repurchase of its shares;
- (iii) to release any of its obligations under the repurchase contract.

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

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

Article 36 No financial assistance shall be provided at any time and in any manner by the Company and its subsidiaries to any person acquiring or intending to acquire the shares of the Company. The person(s) acquiring the shares of the Company aforesaid shall include the person(s) who undertake(s), directly or indirectly, obligations as a result of an acquisition of shares of the Company.

No financial assistance shall be provided at any time and in any manner by the Company and its subsidiaries to reduce or release the obligations of the said person(s) undertaking such obligations.

The article shall not apply to the circumstances stated in Article 38 in this chapter.

Article 37 The financial assistance referred to in this chapter shall include but not limited to the assistance in the following ways:

- (1) gift  
;
- (2) guarantee (including provision by the guarantor of an undertaking or property to secure the performance of obligations by the obligor), indemnity (other than an indemnity in respect of the Company's own neglect or default) or a release or waiver thereof;
- (3) provision of a loan or making of a contract under which the obligations of the Company are to be fulfilled before the obligations of another party to the contract, the

novation of the loan or changes of the parties to the contract and the assignment of rights under the loan and the contract;

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

The “undertaking” referred to in this chapter shall include the undertaking of obligations by the obligator of contract or arrangement (whether the contract or arrangement is enforceable or to be undertaken individually or jointly with others) or changes in his financial position in any manner.

Article 38 The following activities shall not be deemed to be prohibited by Article 36 of this chapter:

(1) the provision of financial assistance is given in good faith in the interests of the Company and the principal purpose in giving such assistance is not for acquisition of shares in the Company, or the giving of the assistance is only an incidental part of a master plan of the Company;

(2) distribution of the assets of the Company by way of dividends in accordance with the laws;

(3) the allotment of bonus shares as dividends;

(4) a reduction of registered capital, repurchase of shares of the Company, adjustment of shareholding structure, etc. of the Company effected in accordance with the Articles of Association;

(5) the lending of money by the Company in the ordinary course of business where the lending of money is part of the scope of business (only if the Company’s net assets are not thereby reduced or to the extent that those assets are thereby reduced, if the financial assistance would be provided out of the distributable profits of the Company);

(6) the provision of money by the Company for contributions to the share option scheme for employees (only if the Company has net assets which are not thereby reduced or to the extent that those assets are thereby reduced, if the financial assistance would be provided out of the distributable profits of the Company).

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

Article 39 The shares issued by the Company shall be in registered form.

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

(1) name of the Company;

- (2) date of incorporation of the Company;
- (3) class of the shares, nominal value and number of shares represented;
- (4) serial number of the certificate;
- (5) other items to be contained as required by the Company Law, the Special Regulations and the stock exchange on which the shares of the Company are listed.

Article 40 The shares of the Company may be transferred, donated, inherited and charged in accordance with the relevant laws, administrative regulations and the Articles of Association.

The transfer and assignment of shares shall be registered with the share registrar appointed by the Company.

Article 41 Share certificates shall be signed by the chairman and also be signed by other senior management of the Company if required by the stock exchange on which the shares of the Company listed. The share certificates shall come into effect upon the seal of the Company has been affixed or being affixed in the mode of printing. The affixing of the Company seal on the share certificates shall require the authority of the board of directors. The signature of the chairman or other relevant senior management of the Company may be affixed to share certificates in the mode of printing.

Article 42 The Company will not accept any pledge of its own shares as the subject.

Article 43 Shares of the Company held by promoters are not allowed to be transferred within one (1) year from the date of the establishment of the Company. No transfer of the shares of the Company issued before its public offering shall be made within one (1) year from the date on which the shares are listed and traded on the stock exchange.

The directors, supervisors and other senior management of the Company shall report to the Company their shareholdings and the changes thereof, and shall not transfer in a given year during their terms of office more than 25% of the total number of shares of the Company held by them, the shares of the Company held by them shall not be transferred within one (1) year from the day on which the shares of the Company are listed and traded. The aforesaid persons shall not transfer the shares of the Company held by them within six (6) months from the date of their resignations.

Article 44 If the directors, supervisors, senior management of the Company or the shareholders holding shares of the Company up to 5% or more sell their shares within six (6) months upon buying or buy back the shares or other securities with an equity nature within six (6) months upon such selling, the resulting revenue shall be transferred to the Company and the board of directors of the Company shall take back such revenue. However, the six-month sales restriction on selling shares shall not apply to the securities firms buying and holding the remaining shares up to 5 % or more upon underwriting, and other circumstances stipulated by securities regulatory authority under the State Council are

excluded.

The stocks or other securities with an equity nature held by directors, supervisors, senior management and individual shareholders referred to in the preceding provisions include the stocks or other securities with an equity nature held by their spouses, parents, and children, and these held by using others' accounts.

If the board of directors does not implement in accordance with the first provision, the shareholders shall have the right to demand the board of directors to perform the same within thirty (30) days. If the board of directors fails to perform within the above period, the shareholders shall have the right to file a lawsuit to the People's Court in their own names for the benefits of the Company.

If the board of directors does not perform the in accordance with the first paragraph of this Article, the responsible directors shall be held jointly liable according to the law.

Article 45 The Company shall keep a register of shareholders and enter therein the following particulars:

- (1) name, address (residential), occupation or description of each shareholder;
- (2) class and number of shares held by each shareholder;
- (3) the amount paid or payable for the shares held by each shareholder;
- (4) the serial number of the shares held by each shareholder;
- (5) the date on which person was entered in the register as a shareholder;
- (6) the date on which any person ceased to be a shareholder.

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

Article 46 The Company may, in accordance with the agreement or understanding between the authorities of the State Council responsible for securities and overseas securities supervisory authorities, keep the register of shareholders in relation to overseas listed foreign shares outside the PRC and shall appoint overseas agencies to manage such register. The original register of shareholders in relation to overseas listed foreign shares which are listed in Hong Kong shall be kept in Hong Kong.

Copies of the register of shareholders in relation to overseas listed foreign shares shall be kept at the registered address of the Company. Appointed overseas agencies shall from time to time guarantee that the original register of shareholders in relation to overseas listed foreign shares and the copies thereof shall be consistent.

Where there is any inconsistency between the original register of shareholders of overseas listed foreign shares and the copies thereof, the original shall prevail.

Article 47 The Company shall have a complete register of shareholders.

The complete register of shareholders shall contain the following parts:

- (1) register of shareholders other than those provided in paragraphs (2) and (3) below kept at the registered address of the Company;
- (2) register of shareholders in relation to overseas listed foreign shares kept at the place of the overseas stock exchange on which those shares are listed;
- (3) register of shareholders kept in other place(s) as the board of directors of the Company thinks fit for the purpose of listing the shares of the Company.

Article 48 Different parts of the register of shareholders shall not overlap. No transfer of any shares registered in any part of the register of shareholders, shall during the continuance of that registration, be registered in any other part of the register of shareholders.

All the fully paid overseas listed foreign shares listed in Hong Kong shall be freely transferable pursuant to the Articles of Association. However, the board of directors may refuse to recognize any instrument of transfer without assigning any reason thereof, unless:

- (1) a sum of HK\$2.50 or such higher amount as approved by the HKSE for the time being has been paid to the Company for registering any instrument of transfer or other documents related to or affecting the ownership of any shares;
- (2) the instrument of transfer only involves overseas foreign shares listed in Hong Kong;
- (3) the stamp duty in respect of the instrument of transfer has been paid;
- (4) relevant share certificates and such other evidence as the board of directors may reasonably require to show the right of the transferor to make the transfer have been produced;
- (5) if the shares are transferred to joint holders, the number of joint holders shall not exceed 4; and
- (6) the shares concerned are free from any lien in favour of the Company.

All transfer of overseas listed foreign shares listed in Hong Kong must be effected by an instrument of transfer in the usual or common form or in such other form as the board of

directors may accept or by the standard clearing forms prescribed by HKSE by hand or by machine imprinted signature. All instruments of transfer must be kept at the legal office of the Company or at such other place as the board of directors may appoint.

Changes or corrections to any part of the register of shareholders shall be made in accordance with the laws of the place where the register is kept.

Article 49 Where PRC laws and regulations and the laws and regulations of the place where the company is listed contain provisions which stipulate on the period of closure of the register of shareholders prior to a shareholders' general meeting or on the reference date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

Article 50 In the event the Company decides to convene a shareholders' general meeting, distribute dividends, liquidate or engage in activities which require determining shareholdings, the board of directors shall fix a date as the record date for determining the shareholdings. The shareholders of the Company shall be those shareholders registered on the register at the end of the record date.

Article 51 Any person who does not agree to the register of shareholders and requests to have his name registered thereon or removed therefrom may apply to the court of law having jurisdiction on the register for rectification of the register.

Article 52 Any shareholder whose name is registered in the register of shareholders or any person who requests to have his name registered in the register of shareholders has lost his share certificate (the "Original Certificate"), may apply to the Company for issuing new share certificate in respect of such shares (the "Relevant Shares").

Domestic shareholder who lost his share certificate may apply for the issue of new share certificate in accordance with Section 144 of the Company Law.

Holder of overseas listed foreign shares who lost his share certificate may apply for the issue of new share certificate in accordance with the laws, stock exchange rules and other relevant regulations of the place where the original register of shareholders in relation to overseas listed foreign shares is kept.

Application for replacement of lost share certificate made by a holder of H shares shall be subject to the following requirements:

(1) Applicant shall submit the application in standard form prescribed by the Company together with a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the reason of the application made by the applicant, the circumstances under which the share certificate was lost and the supporting evidence and a declaration that no other person shall be entitled to register as a shareholder in respect of the Relevant Shares.



(2) No declaration made by any person other than the applicant has been received by the Company for registration as a shareholder of the Relevant Shares prior to the determination of the Company to issue new certificate.

(3) If the Company determines to issue new certificate to the applicant as replacement, it shall publish a announcement for issuing new certificate for replacement purpose in the newspaper designated by the board of directors and the period for such notification shall be ninety (90) days and such announcement shall be published at least once every thirty (30) days.

(4) Prior to the publishing of the announcement for issuing new certificate for replacement purpose, the Company shall submit a copy of the announcement to be published on the stock exchange where its shares are listed. The announcement may be published upon the reply of such stock exchange confirming that the said notification has been exhibited in such stock exchange. The period for the exhibition of the announcement in such stock exchange shall be ninety (90) days.

If the consent for the application for replacement of the certificate has not been obtained from the registered shareholder of the Relevant Shares, the Company shall send to the said shareholder by post a copy of such announcement to be published.

(5) Upon the expiry of ninety (90) days for the publication and exhibition of the notification as provided in paragraphs (3) and (4) above and no objection has been received from any person against the replacement of certificate, new share certificate shall be issued to the applicant based on his application.

(6) Where the Company issues new share certificate pursuant to this article, it shall forthwith cancel the Original Certificate and make such entry in the register of shareholders in order to record such cancellation and issue.

(7) All expenses relating to the cancellation of Original Certificate and issuing new share certificate by the Company shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant can provide reasonable indemnity.

Article 53 Upon the issue by the Company of new share certificate pursuant to the provisions of the Articles of Association, the name of the bona fide purchaser who acquires the Relevant Shares or the person who subsequently registered as the shareholder of the said shares (as a bona fide purchaser) shall not be removed from the register of shareholders.

Article 54 The Company shall assume no liability for any loss incurred by any person as a result of the cancellation of the Original Certificate or in issuing new share certificate, unless it can be proved by such person that the Company is fraudulent.

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

Article 55 Shareholders of the Company shall be the persons who hold the shares of the Company in accordance with the laws and have their names registered in the register of shareholders.

Shareholders shall enjoy the rights and assume the obligations according to the class of and number of shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Article 56 A holder of ordinary shares of the Company shall have the following rights:

- (1) to claim dividends and distribution in any other form in proportion to the number of shares held;
- (2) to request, to convene, to chair, to attend or to appoint proxy to attend shareholders' general meetings in accordance with the laws and to exercise his/her voting rights thereat;
- (3) to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;
- (4) to transfer, give away or charge the shares held in accordance with the laws, administrative regulations and the Articles of Association;
- (5) to receive information as provided in the Articles of Association of the Company, including:
  1. the right to a copy of the Articles of Association upon payment of the cost thereof;
  2. upon payment of reasonable charges, the right to inspect and make copies of:
    - (i) all parts of the register of shareholders;
    - (ii) personal particulars of the directors, supervisors, manager and other officers of the Company, including:
      - (a) the present and any names and any aliases;
      - (b) principal address (residential);
      - (c) nationality;

- (d) occupation and all other part-time occupation and positions;
  - (e) identification documents and its number.
- (iii) state of the share capital of the Company;
  - (iv) reports showing the total nominal value and number of shares repurchased by the Company since the end of the last financial year, quantity, the highest and the lowest price paid and the aggregate amount paid by the Company in respect of each class of its shares repurchased;
  - (v) minutes of the shareholders' general meetings;
  - (vi) the debenture receipts of the Company, meeting resolutions of the board of directors, meeting resolutions of the supervisory committee, financial accounting reports.
- (6) to participate in the distribution of the surplus assets of the Company in proportion to the number of shares held in the event of the termination or liquidation of the Company;
  - (7) to request the Company to acquire their shares due to their disagreement of consolidation/split of the Company at the shareholders' general meetings;
  - (8) to file lawsuits with the People's Court in accordance with the Company Law and other relevant laws and administrative regulations to uphold the relevant rights against any harm to the benefits of the Company or infringement of lawful benefits of the shareholders;
  - (9) other rights conferred by the laws, administrative regulations and the Articles of Association of the Company.

Article 57 A holder of ordinary shares of the Company shall undertake the following obligations:

- (1) to comply with the laws, administrative regulations and the Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) not to withdraw as a shareholder unless otherwise stipulated by the laws and regulations;

- (4) not to abuse the shareholders' rights to harm the interests of the Company and its shareholders. There shall be no abuse of the Company's independent incorporated status and shareholders' limited liability to harm the interests of creditors of the Company. Should the shareholders abuse their rights to cause any losses to the Company or other shareholders, they shall be liable for legal claims. Should the shareholders of the Company abuse the Company's independent incorporated status and shareholders' limited liability for debt evasion that leads to serious damage to the benefits of creditors of the Company, they shall be held liable for the debts of the Company;
- (5) to undertake other obligations imposed by the laws, administrative regulations and the Articles of Association of the Company;
- (6) not to freeze or otherwise impair any of the rights attaching to the shares by reason only that any person who owns any direct or indirect interest fails to disclose his/her interest to the Company.

A shareholder shall not be liable to make further contribution to the subsequent increase in share capital other than the terms as agreed by the subscriber of the relevant shares on subscription.

Article 58 Shareholders who hold more than 5% of the total number of shares carrying voting rights and have charged the shares they hold shall report to the Company in writing on the day of the occurrence of the charge.

Article 59 The controlling shareholders of the Company and the de facto controller shall not make use of their connected relationships to harm the benefits of the Company. For any infringement that leads to damage of the Company, the parties shall be held liable for such losses.

The controlling shareholders of the Company and the de facto controller have fiduciary duties towards the Company and its public shareholders. The controlling shareholders shall exercise his rights as investors strictly in accordance with the laws. The controlling shareholders and the de facto controller shall not damage the lawful rights of the Company and public shareholders through profit allocation, assets restructuring, external investment, use of capital and loan guarantee etc. They shall not jeopardise the interest of the Company and public shareholders by making use of their controlling status or seek illegitimate interests.

Article 60 In addition to the obligations imposed by the laws and administrative regulations or required by the listing rules of the stock exchange on which the shares of the Company are listed, the controlling shareholder, in exercising the power as a shareholder, shall not exercise his voting rights in a manner prejudicial to the interests of all or some shareholders when making decision on the following matters:

- (1) to relieve a director or supervisor of his duty to act honestly in the best interests of the

Company;

- (2) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another), in any guise, of the assets of the Company, including (but not limited to) an opportunity beneficial to the Company;
- (3) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another) of the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights save and except restructuring of the Company submitted for approval by the shareholders in general meeting in accordance with the Articles of Association.

Article 61 A controlling shareholder referred to in the preceding article means a person who satisfies any one of the following conditions:

- (1) he may alone or acting in concert with others has the power to elect more than half of the directors;
- (2) he may alone or acting in concert with others has the power to exercise 30% or more of the voting rights in the Company or control the exercise of 30% or more of the voting rights in the Company;
- (3) he may alone or acting in concert with others holds 30% or more of the issued shares of the Company;
- (4) he may alone or acting in concert with others has de facto control of the Company in any other manner.

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

Article 62 The shareholders' general meeting shall be the source of authority of the Company and shall exercise its powers according to the laws.

Article 63 The shareholders' general meeting shall have the following powers:

- (1) to determine the business policies and investment plans;
- (2) to elect and replace directors and to determine the remuneration of the directors;
- (3) to elect and replace supervisors who are representatives of the shareholders and to determine the remuneration of such supervisors;

- (4) to consider and to approve the report of the board of directors;
- (5) to consider and to approve the report of the supervisory committee;
- (6) to consider and to approve the annual financial budgets and final accounts;
- (7) to consider and to approve the plan for profit distribution and plan for making up losses;
- (8) to approve the increase in or reduction of the registered capital of the Company;
- (9) to pass resolutions on the consolidation, split, dissolution, liquidation or change of form of the Company.
- (10) to approve the issue of debentures of the Company;
- (11) to approve the appointment, dismissal or discontinuance of appointment of the accounting firm;
- (12) to amend the Articles of Association;
- (13) to review and approve of the guarantee matters as stipulated in Article 64;
- (14) to review matters relating to the acquisition and sale of major assets by the Company within one (1) year exceeding 30% of its latest audited total assets;
- (15) to review and approve the change of the use of proceeds;
- (16) to review the share incentive scheme;
- (17) to review other matters to be approved at the shareholders' general meeting as required by the laws, administrative regulations, departmental rules and the Articles of Association.

Article 64 The following guarantees shall be approved at the shareholders' general meetings:

- (1) any additional guarantee provided when the total amount of external guarantees provided by the Company and its controlling subsidiaries reaches or exceeds 50% of the latest audited net assets;

- (2) any additional guarantee provided when the total amount of guarantees provided by the Company reaches or exceeds 30% of the latest audited net assets value;
- (3) any guarantee provided to any guaranteed party with assets-liabilities ratio exceeding 70%;
- (4) any single guarantee exceeding 10% of the latest audited net assets;
- (5) any guarantee to be provided to shareholders, de facto controller and their associates;
- (6) any matters relating to guarantees that shall be submitted to the shareholders' general meetings for review and approval as prescribed by other laws, regulations and the Articles of Association.

The mortgage guarantees provided by the Company to customers who are purchases of properties shall not fall within the scope of guarantees set out in the Articles of Association.

Article 65 Matters that shall be determined at the shareholders' general meetings in accordance with the laws, administrative regulations and the Articles of Association must be reviewed at the shareholders' general meetings for the purpose of safeguarding the right of shareholders to decide on such matters. Where necessary and reasonable, the shareholders' general meetings may authorise the board of directors to make decisions within the scope authorised by the shareholders' general meetings.

Where the authority granted by the shareholders' general meeting to the board of directors is related to a matter subject to an ordinary resolution, such resolution shall be passed by votes exceeding one-half (excluding one-half) of the voting rights of the shareholders present at the general meeting (including proxies); where it is related to a special resolution, such resolution shall be passed by a vote representing more than two-thirds of the voting rights of the shareholders present at the general meeting (including proxies). The substance of the authorization shall be clear and specific.

Article 66 Unless approved at the shareholders' general meeting, the Company shall not enter into contract with any person other than a director, supervisor, manager or other senior management member of the Company whereby such person undertakes the management and administration of the whole or any substantial part of the business of the Company.

Article 67 Shareholders' general meetings are divided into annual general meeting and extraordinary general meeting. Shareholders' general meetings shall be convened by the board of directors. Annual general meeting shall be held once every year and within six (6) months after the end of the previous accounting year. The Company shall arrange for the venue for a physical meeting to be held..

Under any of the following circumstances, the board of directors shall convene an

extraordinary general meeting within two (2) months from the date upon which the circumstance occurs:

- (1) when the number of directors falls below five;
- (2) when the losses of the Company which have not been made up amount to one-third of the total share capital of the Company;
- (3) upon request of shareholders individually or jointly holding more than 10 % the issued shares of the Company;
- (4) when the board of directors deems necessary or the supervisory committee proposes to convene the same;
- (5) other circumstances so specified by the laws, administrative regulations, departmental rules and the Articles of Association occur.

The shareholdings referred to in Subsection (3) of the previous Clause shall be calculated as at the date of delivery of the written requisition(s) by the shareholders.

Article 68 The Company shall hold shareholders' general meetings at its domicile or such other place as specified in the notice of the shareholders' general meeting.

The shareholders' general meeting will be held at the meeting venue and take place in the form of on-site meeting. The Company will also provide online voting to facilitate the shareholders' participation in the general meeting. Shareholders participating in a shareholders' general meeting in the aforesaid manner shall be deemed to have attended such meeting.

Article 69 Voting at annual general meetings and other shareholders' general meetings convened upon requisitions of shareholders and the supervisory committee may not be conducted via any means of communications. Neither may voting at extraordinary general meetings convened for the purpose of considering the following matters be conducted via any means of communication:

- (1) the increase in and reduction of the registered capital of the Company;
- (2) the issue of bonds of the Company;



- (3) the demerger, amalgamation, dissolution and liquidation of the Company;
- (4) amendments to the Articles of Association;
- (5) matters in relation to the plan for distribution of profits and plans for recovery of losses;
- (6) the appointment and removal of the members of the board of directors and the supervisory committee;
- (7) the change of use of proceeds from the issue of shares;
- (8) connected transactions required to be approved at the shareholders' general meeting;
- (9) the acquisition or disposal of assets which are required to be approved at the shareholders' general meeting;
- (10) the change of appointment of the accounting firm.

Article 70 When the Company convenes an annual general meeting, it shall inform all shareholders of the matters to be considered at the meeting and the date and venue of the meeting twenty (20) business days before the date of meeting; When the Company convenes an extraordinary general meeting, a notice shall be given to all shareholders fifteen (15) days or ten (10) business days (whichever is earlier) before the date of meeting.

Article 71 The content of the proposal should be within the scope of duties of the shareholders' general meeting; be with specific agenda and matters to be resolved; be in compliance with the laws, administrative regulations and the Articles of Association; and be submitted or delivered to the convener in writing.

Article 72 When the shareholders' general meeting is held by the Company, the board of directors, the supervisory committee or any shareholders solely or collectively holding more than 3% of the shares of the Company shall have the right to put forward a proposal to the Company.

Shareholders solely or collectively holding more than 3% of the shares of the Company, may submit in writing interim proposals to the convener ten (10) days before the date of the convening of the shareholders' general meeting. The convener shall, within two (2) days upon receipt of such proposals, review the proposals and serve a supplementary notice of the shareholders' general meeting to announce the content of the interim proposals.

Except for the circumstances prescribed in the preceding provision, the convener may not

change the proposal listed in the notice of the shareholders' general meeting or add new proposal after the notice of the shareholders' meeting has been served.

The proposals that have not been listed in the notice of the shareholders' general meeting or that are not in compliance with Article 71 of the Articles, shall not be voted and resolved on at the shareholders' general meeting.

Article 73 The board of directors shall examine the interim proposals put forward at the annual general meeting in accordance with the following rules in the principle of maximizing the interests of the Company and the shareholders:

(1) Relevance: the board of directors shall include in the agenda of such meeting for considering shareholders' proposals that bear direct relevance to the Company and do not fall outside the powers of the shareholders' general meeting as conferred by laws, administrative regulations and the Articles of Association. Motions which fail to meet the above criteria shall not be presented for consideration at the shareholders' general meeting.

(2) Procedures: the board of directors shall decide on the procedures of shareholders' proposals. The segregation or combination of proposals for voting shall be subject to the agreement of the proposer. In the case of disagreement by the proposer, the chairman of the shareholders' general meeting shall bring up such matter for determination at the shareholders' general meeting and conduct discussion in accordance with the procedures as determined at the shareholders' general meeting.

Article 74 Notice of shareholders' general meetings shall satisfy the following requirements:

(1) it shall be in writing;

(2) it shall specify the place, date and time of the meeting;

(3) it shall state the matters to be discussed at the meeting;

(4) it shall provide such information and explanation as are necessary for the shareholders to make an informed decision on the matters to be discussed. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase shares of the Company, to reorganize the share capital, or to restructure the Company in any way, the terms of the proposed transaction must be provided in detail together with the proposed agreement (if any), and the causes and effects must be properly explained;

(5) it shall contain a disclosure of the nature and extent, if any, of material interests of any director, supervisor, manager or other senior management members in the matters to be

discussed and the effect of the matters to be discussed on them in their capacity as shareholders in so far as it is different from the effect on the interests of other shareholders of the same class;

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

(7) it shall contain conspicuously a statement that a shareholder entitled to attend and vote at the meeting shall be entitled to appoint one or more proxies to attend such meeting and to vote thereat on his behalf and that a proxy need not be a shareholder;

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

(9) it shall specify the deadline for registration of shareholding for the purpose of qualifying to attend such meeting;

(10) the name and contact number of the general contact person for meetings;

Article 75 Upon the delivery of the notice of a shareholders' general meeting, unless there is a proper reason, the meeting shall not be postponed or cancelled; motions stated in the notice of general meetings shall not be cancelled. Where the shareholders' general meeting is to be postponed or cancelled, the convener shall announce reasons therefor not less than two (2) working days prior to the original date of the meeting.

Article 76 The notice of a shareholders' general meeting shall be sent to shareholders, regardless of whether a shareholder is entitled to vote at the meeting, by hand or by pre-paid post. The service address shall be the address registered on the register of shareholders. As for domestic shareholders, the notice of a shareholders' general meeting may be given in the form of public notice.

The public notice referred to above shall be published in a newspaper or several newspapers prescribed by the authorities of the State Council responsible for securities. Once published, all domestic shareholders shall be deemed to have received the relevant notice of the shareholders' general meeting.

Article 77 The accidental omission to give a notice of a meeting to or the non-receipt of notice of a meeting by any person who is entitled to receive notice shall not invalidate the meeting and the resolutions passed at such meeting.

Article 78 Any shareholder who is entitled to attend the shareholders' general meeting and to vote thereat shall be entitled to appoint one or more persons (whom need not be a shareholder) as his proxy to attend and vote on his behalf. Such proxy or proxies shall exercise the following rights pursuant to the appointment made by the appointing shareholder:

- (1) the same right as the shareholder to speak at the shareholders' general meeting;
- (2) to demand a poll solely or jointly with others;
- (3) voting shall be conducted by way of poll.

Where a shareholder is a recognised clearing house (or its nominee(s)) as defined in the Securities and Futures Ordinance of Hong Kong, it may authorise such person or persons as it thinks fit to act as its representative(s) at any shareholders' meeting of the Company or at any meeting of any class of Members but if more than one person is authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. Such authorised person shall be entitled to exercise the same rights and power on behalf of the recognised clearing house (or its nominee(s)) which he or they represent as if such person is an individual shareholder of the Company.

Article 79 The instrument appointing a proxy shall be in writing signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or signed by a director or attorney duly authorised. Such written instrument shall specify the number of shares held by the appointor as represented by the proxy. In case an appointor appoints several proxies, the proxy form shall specify the number of shares as represented by each proxy.

Article 80 The instrument appointing a proxy shall be deposited at the seat of the Company or such other place as is specified in the notice of meeting not less than 24 hours before the time appointed for the meeting at which the person named in the instrument proposes to vote or, 24 hours before the time appointed for taking of the poll. Where such instrument is signed by a person under a power of attorney or other authority on behalf of the appointor, that power of attorney or other authority shall be notarized. A notarially certified copy of that power of attorney or other authority together with the instrument appointing a proxy shall be deposited at the seat of the Company or such other place as is specified in the notice of the meeting.

Where the appointer is a corporation, its legal representative or a proxy appointed by the resolution of the board of directors and other governing bodies of the corporation may attend the shareholders' general meeting on behalf of the corporation.

Article 81 Any form issued to a shareholder by the board of directors for use by him for appointing a proxy shall enable the shareholder, according to his intention, to instruct the proxy to vote in favour or against the resolutions and provide instructions in respect of each resolution dealing with matters to be resolved at the meeting. Such form shall contain a statement that in default of such instructions, the proxy may vote as he thinks fit.

Article 82 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 principal or revocation of the proxy or power of authority or other authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given before the poll, provided

that no notice in writing of the aforesaid matters is received by the Company before the commencement of the meeting at which the proxy is used.

Article 83 An individual shareholder attending the meeting in person shall produce the document of his identity and the evidence of his shareholding. A proxy who has been appointed to attend the meeting on behalf of others shall produce the document of his identity, the power of attorney and the evidence of shareholding.

A corporate shareholder shall be represented at the meeting by its legal representative, or the proxy appointed by the legal representative, or a proxy appointed by the board of directors or other governing body. If a corporate shareholder appoints its legal representative to attend the meeting, the legal representative shall produce the document of his identity, valid proof of his identity as a legal representative and the evidence of shareholding. Where a proxy is appointed by the legal representative to attend the meeting on his behalf, the proxy shall produce the document of his identity, the power of attorney duly issued by the legal representative of the corporate shareholder and the evidence of shareholding. Where a proxy is appointed to attend the meeting by the board of directors or other governing body of the corporate shareholder, the proxy shall produce the document of his identity, a notarially certified copy of the resolution or other authority of appointment and the evidence of shareholding.

Article 84 Resolutions of the shareholders' general meeting shall be divided into ordinary resolutions and special resolutions.

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

Special resolution of a shareholders' general meeting shall be passed by more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

Shareholders (including proxies) who attend the shareholders' general meeting shall take one of the following stances when a proposal is put forward for voting: for, against or abstain. Any votes which are uncompleted, erroneously completed or illegible or uncasted votes shall be counted as an abstention of voting rights by the voters and the voting results of the number of shares they hold shall be counted as "abstain".

Article 85 For the purpose of voting at the shareholders' general meeting, a shareholder (including proxy) shall exercise voting rights in accordance with the number of shares carrying voting rights represented by him/her. Each share shall have one vote except for the election of directors that adopts the cumulative voting system as prescribed by Article 131 and Article 175 of the Articles of Association. The Company shall have no voting rights for the shares that it holds, which are not counted in the total number of shares with voting rights attending the shareholders' general meeting.

When the shareholders' general meeting considers matters that could materially affect the interests of minority investors, the votes by minority investors shall be counted separately, and the results of such separate vote counting shall be disclosed promptly.

The board of directors, independent directors, shareholders holding more than 1% of voting

shares or investor protection agencies established in accordance with laws, administrative regulations or provisions of the securities regulatory authority under the State Council may collect voting rights from other shareholders. Information including the specific voting intention shall be fully disclosed to the shareholders from whom voting rights are being collected. Consideration or de facto consideration for collecting shareholders' voting rights is prohibited. The Company shall not impose any minimum shareholding limitation for collecting voting rights.

Where the Company has actual knowledge that any shareholder is required under the rules of securities exchanges on which the shares of the Company are listed and/or relevant laws, rules or regulations to abstain from voting or is restricted to vote only for or against a matter, any votes cast by or on behalf of such shareholder in violation of such requirement or restriction shall not be counted in the voting results.

Article 86 Voting in the shareholders' general meeting shall be conducted by way of poll in registered form.

Article 87 The votes in respect of a proposal under consideration taken on a poll shall be counted in the presence of at least two shareholders' representatives and one supervisor, and the representative of such scrutineers shall announce the result of the voting promptly thereafter at the meeting place.

Article 88 In a poll, a shareholder (including proxy) entitled to two or more votes need not use all his votes or cast all the votes he uses in the same way.

Article 89 In the case of an equality of votes, the Chairman of the meeting shall be entitled to a second vote.

Article 90 Where a shareholders' general meeting is convened to consider a matter relating to a connected transaction, connected shareholders shall abstain from voting, and the number of shares carrying voting rights as represented by them shall not be included as the total number of valid votes; the announcement on the resolutions of the shareholders' general meeting shall fully disclose the circumstances of the voting by the non-connected shareholders; where there are special circumstances under which connected shareholders cannot abstain from voting, the Company may, after obtaining approval from relevant authorities, proceed to the normal procedures on voting and shall make a detailed statement in the announcement on the resolutions of the shareholders' general meeting.

Article 91 The following matters shall require the sanction of an ordinary resolution at a shareholders' general meeting:

- (1) the working reports of the board of directors and the supervisory committee;
- (2) profit distribution plan and plan for making up losses prepared by the board of directors;
- (3) the appointment and removal of the members of the board of directors and the supervisory committee as well as their remuneration and method of payment;
- (4) annual financial budgets and statements of final accounts, balance sheets, profit statements and other financial statements of the Company;
- (5) annual reports of the Company;
- (6) engagement, dismissal or termination of service of accounting firms;
- (7) any other matters except those passed by special resolutions as prescribed by the laws, administrative regulations, listing rules or the Articles of Association.

Article 92 The following matters shall require the sanction of a special resolution at shareholders' general meetings:

- (1) the increase in and reduction of the share capital of the Company, and the issue of any class of shares, warrants or other similar securities;
- (2) the issue of bonds of the Company;
- (3) the demerger, amalgamation, dissolution and liquidation of the Company and major acquisitions and disposals;

- (4) amendments to the Articles of Association;
- (5) any acquisition or disposal of major assets or the grant of guarantees by the Company within one (1) year with a value exceeding 30% of the latest audited total assets of the Company;
- (6) the share incentive schemes;
- (7) any other matters stipulated by the laws, administrative regulations, listing rules or the Articles of Association, as well as those other matters that are deemed to have a significant impact on the Company as determined by an ordinary resolution of the shareholders' general meeting and so necessitate a special resolution for approval.

Article 93 Any resolution adopted at a shareholders' general meeting shall comply with the relevant provisions of the laws in the PRC, administrative regulations and the Articles of Association.

Article 94 The Company, when convening the shareholders' general meeting, will hire lawyers to provide published legal opinions on the following:

- (1) whether the convening and holding of meetings comply with the laws, administrative regulations and the Articles;
- (2) whether the qualifications of the attendants and conveners are legally valid;
- (3) whether the procedures and results of resolutions are legally valid;
- (4) provide legal advice on other relevant issues upon the request of the Company.

Article 95 The independent directors shall have the right to propose the convening of extraordinary general meetings or class shareholders' meetings subject to the following procedures:

- (1) sign one or several copies of written request of the same format and content and propose to the board of directors to convene an extraordinary general meeting or a class shareholders' meeting together with an elaboration on the motions of the meeting.
- (2) the board of directors shall reply in writing within ten (10) days upon the receipt of the motion whether it agrees or not to convene the extraordinary general meeting according to the laws, administrative regulations and the Articles of Association.
- (3) in case the board of directors agrees to convene the extraordinary general meeting, it



shall serve a notice of convening the extraordinary general meeting within five (5) days after the resolutions are made by the board of directors. In case the board of directors disagrees to convene the extraordinary general meeting, it shall state the reasons with an announcement.

Article 96 The supervisory committee shall have the right to propose the convening of extraordinary general meeting or class shareholders' meetings subject to the following procedures:

(1) sign one or several copies of written requisition(s) of the same format and content, and propose to the board of directors to convene an extraordinary general meeting or a class shareholders' meeting, together with an elaboration on the motions of the meeting.

(2) the board of directors shall, in accordance with the regulations prescribed by the laws, administrative regulations and the Articles of Association, state its feedback in writing within ten (10) days upon receipt of the proposal whether it agrees or disagrees to the convening of the extraordinary general meeting.

(3) in case the board of directors agrees to convene the extraordinary general meeting, it shall publish a notice of convening the extraordinary general meeting within five (5) days upon the resolutions of the board of directors being made. The board of directors shall seek the approval of the supervisory committee for any amendment in the original proposal in the notice.

(4) in case the board of directors disagrees to convene the extraordinary general meeting, or fails to give feedback within ten (10) days upon receipt of the proposal, it shall be assumed that the board of directors is unable to or fails to perform the duties of convening the shareholders' general meeting. The supervisory committee can then on its own convene and host the meeting.

Article 97 The shareholders holding more than 10% of the shares of the Company individually or in aggregate shall have the right to propose the convening of an extraordinary general meeting or a class shareholders' meeting subject to the following procedures:

(1) sign one or several copies of written request of the same format and content and propose to the board of directors to convene an extraordinary general meeting or a class shareholders' meeting, together with an elaboration on the proposal for the meeting.

(2) the board of directors shall, in accordance with the regulations prescribed by the laws, administrative regulations and the Articles of Association, state its feedback in writing within ten (10) days upon receipt of the proposal whether it agrees or disagrees to the convening of the extraordinary general meeting.

(3) in case the board of directors agrees to convene the extraordinary general meeting, it shall publish a notice of convening the extraordinary general meeting within five (5) days

upon the resolutions of the board of directors. The board of directors shall seek the approval of the relevant shareholders for any amendments in the original proposal in the notice.

(4) in case the board of directors disagrees to convene the extraordinary general meeting, or fails to give feedback within ten (10) days upon receipt of the proposal, shareholders holding more than 10% of the shares of the Company individually or in aggregate shall have the right to propose to the supervisory committee the convening of the meeting, and shall propose the request to the supervisory committee in writing.

In case the supervisory committee agrees to convene the extraordinary general meeting, it shall publish a notice on convening the extraordinary general meeting within five (5) days upon receiving the request. If the notice comprises changes on the original proposals, the consent of the shareholders concerned shall be obtained.

Should the supervisory committee fail to publish the notice on convening the extraordinary general meeting before the deadline, it shall be assumed that the supervisory committee will not convene and host the shareholders' general meetings, and the shareholders holding 10% of the shares of the Company individually or in aggregate may on their own convene and host the meeting after ninety (90) consecutive days.

Article 98 When the supervisory committee or shareholders have decided to convene the shareholders' general meeting on its/their own, they shall inform the board of directors in writing, and file a case to the local authorities of the China Securities Regulatory Commission (CSRC) and the stock exchange. Before the announcement of the resolutions at the extraordinary general meeting, the convening shareholders shall have a shareholding proportion of no less than 10%. The convening shareholders shall, before publishing the notice of the extraordinary general meeting and the announcement of the resolutions of the extraordinary general meeting, submit the certificate proof concerned to the local authorities of the CSRC and the stock exchange.

The board of directors and the secretary to the board of directors shall cooperate on the work for the shareholders' general meeting convened by the supervisory committee or shareholders on its/their own. The board of directors shall provide the register of shareholders on the share registration day.

The Company shall bear the cost of venue when the supervisory committee or shareholders convene the shareholders' general meeting on its/their own and the cost shall be deducted from the fees payable to the directors who fail to fulfill their duties.

Article 99 A shareholders' general meeting shall be presided over by the chairman of the board of directors. Where the chairman of the board of directors is unable to perform or fails to perform his/her duties, a majority of the board of directors shall appoint another director to preside such meeting.

A shareholders' general meeting convened by the supervisory committee shall be presided

over by the chairman of the supervisory committee. Where the chairman of the supervisory committee is unable to perform or fails to perform his/her duties, a majority of supervisory committee shall appoint another supervisor to convene and preside such meeting.

A shareholders' general meeting convened by shareholders on their own shall be presided over by a representative elected by the conveners.

Article 100 During the meeting, the shareholders' general meetings may, with the approval from a majority of attending shareholders with voting rights, elect a new chairman for presiding over and proceed with the meeting in case the existing chairman has violated the meeting regulations that makes the shareholders' general meetings fail to carry on.

Article 101 The resolutions of a shareholders' general meeting shall be announced promptly. The announcement shall specify the number of attending shareholders and proxies, the total number of attending shares held with voting rights and its proportion to the total shares held with voting rights in the Company, the means of resolutions, the voting results on each resolution and the details of each resolution passed.

Article 102 Should the resolution not be passed or the current shareholders' general meeting alter the resolutions of the previous meeting, a special note shall be made in the announcement on the resolutions of the shareholders' general meeting.

Article 103 The commencement date of the appointments of newly appointed directors and supervisors shall be the date of passing the resolutions on the election of the directors and supervisors concerned at the shareholders' general meeting.

Article 104 The Company shall implement the practical solutions within two (2) months upon the conclusion of the shareholders' general meeting when the shareholders' general meeting has passed the resolutions on the distribution of cash dividends or bonus shares or on the transfer of provident fund to share capital.

Article 105 The chairman of the meeting shall be responsible for determining whether a resolution of the shareholders' general meeting is passed or not and his decision shall be final and conclusive and the same shall be announced at such meeting and recorded in the meeting minutes.

Article 106 If the chairman of the meeting has any doubt on the result of a resolution put to the vote at the meeting, he may count the vote. If the chairman of the meeting fails to conduct a vote counting any shareholder who is present in person or by proxy and who objects to the results announced by the chairman of the meeting may demand a vote counting immediately after the declaration of the result, and the chairman shall take a vote counting forthwith.

Article 107 When there is vote counting at the shareholder's general meeting, the counting

results shall be recorded in the minutes.

Minutes of the shareholders' general meeting shall be made by the secretary whereas the conveners shall guarantee the truthfulness, accuracy and completeness of its contents. The attending directors, supervisors, the secretary to the board of directors, conveners or their proxies and the chairman of the meeting shall sign on the minutes.

The minutes shall contain the following details:

- (1) time, place, agenda of meetings and names of the conveners;
- (2) the names of the chairman of the meeting, the directors, supervisors, manager and other senior management members attending or present at the meeting;
- (3) the number of attending shareholders and proxies, their total number of shares with voting rights and the proportion of their shares to the total number of shares;
- (4) the review procedures, key points of speakers and resolution results of each proposal;
- (5) the inquiry opinions or recommendations of shareholders and the replies or elaborations thereon;
- (6) the names of lawyers, vote counters and vote scrutineer;
- (7) other contents being recorded in the minutes in accordance with the requirements of the shareholders' general meetings and the Articles of Association.

Memorandum of the meeting shall be made in respect of all resolutions passed at the shareholders' general meeting. Minutes and memorandum of the meeting shall be written in Chinese. Minutes together with the attending shareholders' signature records and instruments appointing proxies and the voting results via online voting and other means shall be kept for a minimum of ten (10) years.

Article 108 The board of directors and the supervisory committee should provide replies or explanations to the questions and suggestions raised by shareholders, except where commercial secrets of the Company are involved and may not be laid open at the shareholders' general meeting.

Article 109 A shareholder shall be entitled to inspect copies of minutes of any shareholders' general meeting free of charge during the business hours of the Company. If the shareholder demands from the Company a copy of such minutes, the Company shall send him the copy within seven (7) days after having received reasonable charges.

Article 110 The Company shall set up Rules and Procedures for Shareholders' General Meetings. The Rules and Procedures of the Shareholders' General Meeting shall become an Annex to the Articles of Association, to be drafted by the board of directors and approved at a shareholders' general meeting.

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

Article 111 Shareholders of different classes of shares shall be classified as class shareholders.

Class shareholders shall have rights and shall undertake obligations pursuant to the provisions of the laws, administrative regulations and the Articles of Association.

Article 112 The rights attached to any class of shares may be varied or abrogated with the sanction of a special resolution passed at the shareholders' general meeting and by holders of shares of the affected class passed at a separate class shareholders' general meeting convened in accordance with Article 114 to Article 118 respectively.

Article 113 The following shall be considered as a variation or abrogation of the rights of class shareholders:

- (1) to increase or reduce the number of shares in that class or to increase or reduce the number of shares in a class of shares which have rights on voting, distribution or other privileges equal or superior to that class of shares;
- (2) to exchange all or a portion of shares of that class of shares for those of another class, or to exchange all or a portion of the shares of another class for shares of that class or to grant the rights to exchange the same;
- (3) to cancel or reduce the rights to claim all the accrued dividends or cumulative dividends of shares of that class;
- (4) to reduce or cancel the preferential rights of shares of that class to claim the dividends or the preference to distribution of assets upon the liquidation of the Company;
- (5) to increase, cancel or reduce the rights to conversation of shares, options, voting rights, rights of transfer, pre-emptive rights and the rights to acquire the securities of the Company of that class;
- (6) to cancel or reduce the rights to receive the monies payable by the Company in a particular currency of that class;
- (7) to create a new class of shares which have the rights to voting, distribution or other privileges equal or superior to that class of shares;

- (8) to restrict or to impose more restrictions on the transfer or ownership of that class of shares;
- (9) to issue options or rights on subscription for or conversion of shares into that class or another class of shares;
- (10) to increase the rights and privileges of another class of shares;
- (11) to re-structure the Company in such a way that different class shareholders will undertake disproportionate obligations under the proposed restructuring;
- (12) to vary or abrogate the provisions of in this chapter.

Article 114 The class shareholders so affected, whether or not otherwise having voting rights at the shareholders' general meeting, shall be entitled to vote at the class meeting involving matters provided in items (2) to (8) and (11) to (12) of Article 113, provided that any interested shareholders shall not be entitled to vote at that class meeting.

The meaning of an "interested shareholder" as referred to in the preceding paragraph shall be as follows:

- (1) Where the Company has made a repurchase offer to all shareholders in the same proportion in accordance with the provisions of Article 33 of the Articles of Association or repurchases its shares on a stock exchange through open transactions, "interested shareholder" shall mean the controlling shareholder as defined in Article 61 of the Articles of Association;
- (2) Where the Company repurchases its shares by way of an agreement otherwise than on a stock exchange in accordance with the Articles of Association, "interested shareholder" shall mean the shareholder to which the agreement relates;
- (3) In the case of a restructuring of the Company, "interested shareholder" shall mean a shareholder who undertakes obligations by a lower proportion than that of other shareholders of the same class, or a shareholder who holds interests different from those held by other shareholders of the same class.

Where the Company has actual knowledge that any class shareholder is required under the listing rules of securities exchanges on which the shares of the Company are listed and/or the relevant laws, rules or regulations to abstain from voting or is restricted to vote only for or against a matter, any votes cast by or on behalf of such class shareholder in violation of such requirement or restriction shall not be counted in the voting results.

Article 115 Resolution of a class meeting shall be passed by more than two-thirds of the shares with voting rights held by the class shareholders who, according to Article 114 are entitled to vote at that class meeting.

Article 116 The Company shall send written notice of the class meeting with reference to the requirement of the notification time limit for convening an extraordinary general meeting and inform all registered shareholders of that class, the matters to be considered at the class meeting and the date and venue of the class meeting.

Article 117 The notice of a class meeting is only required to be given to the shareholders who are entitled to vote at such meeting only.

The proceedings of a class meeting shall be as similar as possible as that of a shareholders' general meeting. The provisions in the Articles of Association relating to the proceedings of a shareholders' general meeting shall apply to the class meeting.

Article 118 Apart from holders of other classes of shares, domestic shareholders and shareholders of overseas listed foreign shares shall be deemed to be different classes of shareholders.

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

(1) where, upon approval by a special resolution passed at a shareholders general meeting, the Company issues domestic shares and overseas listed foreign shares either separately or concurrently once every twelve (12) months, and the amount of the domestic shares and overseas listed foreign shares so issued do not exceed 20% of their respective issued amount;

(2) where on establishment of the Company, the plans to issue domestic shares and overseas listed foreign shares are to be completed within fifteen (15) months from the date of approval by the securities authority under the State Council.

## **Chapter 10 Party's Committee**

Article 119 The Company established the Party Committee of Beijing North Star Company Limited of the Communist Party of China (the "Party Committee of the Company" or "Party Committee") and the Discipline Inspection Committee of Beijing North Star Company

Limited of the Communist Party of China (the “Discipline Committee of the Company” or “Discipline Committee”). Chairman and Party Committee secretary of the Company should be assumed by the same person in principle, or subject to proper adjustment according to the actual personnel composition. In accordance with the national laws and regulations, laws of the jurisdiction where the shares of the Company are listed and the relevant rules of securities exchanges on which the shares of the Company are listed, qualified leading members of the Party Committee may assume positions within the board of directors, the supervisory committee, and the management through legal procedures. Likewise, qualified party members of the board of directors, the supervisory committee, and the management may assume positions within the Party Committee following relevant rules and procedures.

Article 120 The Party Committee of the Company shall perform duties in accordance with the Party Constitution and other internal laws and regulations of the Party.

- (1) Ensure and supervise the implementation of policies and guidelines of the Party and the State and major strategic decisions of the higher-level Party Committee in the Company;
- (2) Insist on the integration of the principle that the Party manages the officials with the function of the board of directors in the lawful selection of the operating management and with the lawful exercise of authority of appointment, promotion and demotion of personnel by the operating management, support the shareholders’ general meeting, board of directors, supervisory committee and general manager in exercising their power in accordance with the laws;
- (3) Study and discuss reform, development and stability of the Company, material operation and management issues and material issues concerning employees’ immediate interests, and propose opinions and suggestions thereon;
- (4) Assume the primary responsibility to run the Party comprehensively with strict disciplines, lead the Company’s ideological and political work, the United Front work, the cultural and ethical progress, corporate culture cultivation as well as the work of groups such as the trade union of the Company and the Communist Youth League, lead the construction of the Party’s working style and its clean and honest administration, and support the Discipline Committee of the Company in earnestly performing its supervisory responsibilities.

## **Chapter 11 Board of Directors**

### **Section 1 Directors**



Article 121 There shall be a board of directors comprising nine (9) members including three (3) independent directors. The board of directors shall include one (1) chairman and one (1) vice chairman (if necessary). Executive directors shall manage the affairs authorised by the board of directors.

Article 122 Directors shall be elected at the shareholders' general meeting for a term of three (3) years. Upon the expiry of the term of office, the directors shall be eligible for re-election.

The term of office of directors shall commence from the date of passing the resolution at the shareholders' general meeting, until the expiry of the term of the current session of the board of directors. After the expiry of the term of directors, and prior to the formation of the new session of board of directors, the existing directors shall continue to discharge their duties as directors.

Written notice of the intention to nominate a candidate for election as a director and the written notice by such candidate of his/her willingness to accept the nomination shall be sent to the Company at least seven (7) days before the date of the shareholder's general meeting for election of directors. The period for lodging the aforesaid notice will commence no earlier than the day after the dispatch of the notice of the shareholders' meeting for the election of directors and ends no later than seven (7) days prior to the date of such shareholders' meeting. The lodgement period shall not be less than seven (7) days.

Any person appointed by the board of directors to fill a casual vacancy of the board of directors or to add an additional member of the board of directors, his/her term of office shall expire on the next annual general meeting, and he/she shall be eligible for re-election.

Article 123 Candidates for directors (executive directors and non-executive directors) of the first board of directors shall be nominated by the promoter and be elected at the founders' meeting of the Company. The number of directors elected in each session shall be not less than the number specified in Article 121 and shall not be more than the maximum number of directors approved by the ordinary resolution passed at the shareholders' general meeting. If the number of directors voted for is more than the maximum number of directors prescribed, the directors who obtained the highest number of votes shall be elected as directors subject to the maximum number of directors so fixed.

Subject to compliance with the relevant laws and administrative regulations, the shareholders' general meeting may remove any director before his/her term of office expires by way of ordinary resolutions (provided that claims made pursuant to any contracts shall not be affected by the provision in this Article).

The chairman and executive directors (nominated by the chairman) shall be elected or dismissed by more than half of all directors. The term of office for the chairman and executive directors shall be three (3) years and they shall be eligible for re-election, but the term of office for independent directors shall not be more than six (6) years.

Directors are not required to hold shares in the Company.

Article 124 The directors shall have sufficient time and essential knowledge to perform their duties. The Company shall provide essential information for the external directors for carrying out their duties. The independent directors shall report directly to the shareholders' general meetings, the State Council's securities supervisory authorities and other relevant departments concerned.

Article 125 A director who fails to attend the meeting of the board of directors, either in person or by appointing other directors as his representative, for two times consecutively shall be deemed as incapable of performing his duty (for independent directors, the matter shall be handled as stipulated in "Section 2 Independent Directors"). The board of directors shall propose at the shareholders' general meeting for the removal of such director.

A director may tender a resignation before expiry of his term of office by a written resignation notice to the board of directors.

Article 126 If the number of directors on the board of directors falls below the minimum number stipulated by the laws as a result of the resignation of a director, such resignation letter shall not be effective until after the vacancy so arising has been filled up by a succeeding director. The remaining directors of the board of directors shall as soon as the resignation notice is received, convene an extraordinary general meeting for the purpose of electing a new director to fill up the vacancy so arising. The powers and duties of the resigning director and the remaining directors of the board of directors shall be subject to reasonable restrictions until a resolution on the election of director is passed at the shareholders' general meeting.

If the resignation of an independent director results in a situation that the proportion of independent directors of the board of directors is lower than the minimum requirement set by the relevant supervisory authorities, the resignation letter of the independent director shall not be effective until after the resignee's vacancy has been filled by the succeeding independent director of the next term.

Except for the aforesaid situations, the letter of resignation of a director shall be effective immediately upon receipt by the board of directors.

Article 127 The obligation of a director (who has tendered his resignation or whose term of office is to be expired), towards the Company and its shareholders shall not be automatically released before the effective date of the resignation letter or within a reasonable period from such effective date or the date of termination of his/her office. The director's obligation of confidentiality in respect of commercial secrets of the Company shall remain binding after the termination of his office until the relevant information becomes public. The binding period of other obligations of the director shall be determined on the principle of fairness, taking into account the length of period between occurrence of the subject matter and the cessation of office, and the circumstances and conditions under which the relationship with the Company is terminated.

Article 128 A director who left the Company unilaterally before the official termination of his office shall indemnify the Company against any losses so caused.

Article 129 Under normal circumstances, proposal for nomination of a candidate for election as a director shall be submitted to the shareholders' general meeting by the board of directors. Shareholders and the supervisory committee of the Company are entitled to nominate a candidate for election as a director in accordance with the Articles of Association.

Article 130 The following procedures should be implemented before the election of non-independent directors:

A listed company shall disclose the details of the candidates for election of directors before the shareholders' general meeting is held, so as to ensure that the shareholders will have sufficient understanding about the candidates before the voting.

Before the shareholders' general meeting is held, the candidates for election of directors shall make written confirmation to accept the nomination, and warrant that their information disclosed publicly is true and complete and that they shall faithfully perform the duties of directors if being elected.

Article 131 If any single shareholder of the Company together with its parties acting in concert controls 30% interests of the Company or more, the shareholders' general meeting shall adopt the cumulative voting system when voting on the resolutions on the election of directors are demanded for poll.

The above-mentioned cumulative voting system refers to the voting system adopted when two or more directors are to be elected at the shareholders' general meeting, whereas each share held by the shareholders who participate in the poll shall have the voting rights equal to the total number of candidates proposed for election, and the shareholders elect one person with all the voting rights or vote separately for several candidates. Detailed rules of implementation are as follows:

(1) When the number of directors proposed for election is above two, the cumulative voting system shall be implemented. When adopting the cumulative voting system, each share held by the shareholders shall have the voting rights equal to the total number of directors proposed for election.

(2) Independent directors shall be elected separately from non-independent directors. When electing independent directors, the number of voting rights that each shareholder is entitled to equals to the product of the number of shares held by the shareholder multiplied by the number of independent directors to be elected and such voting rights can only be cast to candidates for independent director. When electing non-independent directors, the number of voting rights that each shareholder is entitled to equals to the product of the number of shares held by the shareholder multiplied by the number of non-independent directors to be elected and such voting rights can only be cast to candidates for non-independent directors.

(3) The notice of shareholders' general meeting shall inform the shareholders of the cumulative voting system for the directors' election proposal. The convener of the meeting shall prepare ballot paper suitable for the adoption of the cumulative voting system. Written instructions and explanations for the cumulative voting system, the method of filling in the ballots, and the method of counting votes shall be provided.

(4) When votes are cast on election of directors at shareholders' general meeting, the shareholders may diverse their votes and vote for each director candidate with the same voting rights as the number of shares held by them; or they may consolidate their votes and cast all of their votes to one director candidate with the voting rights which are the same as the number of directors proposed for election per share held by them, or vote for a certain number of director candidates respectively with the same voting rights as the number of directors proposed for election. However, the total number of votes cast by shareholders shall not exceed the total number of votes they are entitled to.

(5) If the total number of consolidated voting rights exercised by a shareholder for certain or several director candidates is more than the voting rights of all the shares held by the shareholder, the shareholder's votes are invalid and deemed to have been waived; if the total number of voting rights exercised by a shareholder for certain or several director candidates is less than the voting rights of all the shares held by the shareholder, the shareholder's votes are valid and the voting rights attached to the difference shall be deemed to have been waived.

(6) If the number of votes received by the director candidates exceeds one-half of the total number of shares with voting rights at the shareholders' general meeting (subject to the number of unaccumulated shares), and the number of director candidates does not exceed the number of directors to be elected, then all director candidates are elected. If the number of director candidates elected at the shareholders' general meeting exceeds the number of directors proposed to be elected, the director candidates will be elected based on the ranking of votes cast on them in a descending order and the number of director candidates to be elected shall not exceed or equal to the number of directors proposed for election (but if the number of votes for two or more elected candidates with fewer votes is equal, and the fact that the election of such candidates will give rise to the result that the number of elected candidates will exceed the number of directors proposed for election, then these candidates shall be considered as not elected). If the number of the directors elected at the shareholders' general meeting is less than the number of the directors proposed for election, a new round of voting shall be conducted to elect the vacant directors until all the directors proposed for election are elected.

(7) When a new round of voting is conducted at the shareholders' general meeting for election of directors in accordance with the provisions under the item (6) above, the cumulative number of votes of the shareholders shall be recalculated according to the number of directors proposed for election in each round of election.

## **Section 2 Independent Directors**

Article 132 There shall be a system of independent directors in the Company with a total of three independent directors. Independent directors mean directors who do not hold any office in the Company other than as directors and do not have any relation with the Company and its substantial shareholders which may affect his ability in exercising independent and impartial judgments.

Article 133 An independent director shall satisfy the following fundamental conditions:

- (1) qualified to act as a director of a listed company under the laws, administrative regulations and other relevant requirements;
- (2) possess the independence stipulated by the laws, regulations, stipulations, the listing rules and Article 134 of the Articles of Association;
- (3) has basic knowledge of the operation of listed companies and familiar with the relevant laws, administrative regulations, rules and requirements;
- (4) have five years or more working experience in the legal or economics field or other working experience necessary for performing the duty of an independent director;
- (5) satisfy other conditions as required in the Articles of Association.

Article 134 Independent directors must be independent. As such, the following persons shall not be appointed as an independent director:

- (1) persons holding posts in the Company or its subsidiaries, their spouse, parents, children, siblings, parents-in-law, children-in-law and siblings-in-law;
- (2) shareholders holding directly or indirectly more than 1% of the total issued shares of the Company or the top ten natural person shareholders of the Company and their spouse, parents and children;
- (3) persons holding posts in corporate shareholders which hold directly or indirectly more than 5% of total issued shares of the Company or in the top five corporate shareholders of the Company and their spouse, parents and children;
- (4) persons who fall into above categories (1) to (3) within the preceding year;
- (5) persons providing financial, legal or consultation services to the Company or its subsidiaries or officers in such service providers;
- (6) other persons as stipulated in the Articles of Association;
- (7) other persons identified by the China Securities Regulatory Commission.

Article 135 The independent directors shall have the following special powers and duties

in addition to those conferred to directors by the Company Law and other relevant laws, regulations and the Articles of Association:

(1) to confirm material connected transactions (as defined under the standards issued from time to time by competent regulatory authorities) required to be considered by shareholders' general meeting under the laws, regulations and the relevant listing rules and then submit to the board of directors for discussion. Prior to making judgments, independent directors may appoint intermediary institutions to issue financial consultation reports as basis of their judgement, as well as propose to the board of directors regarding the appointment or removal of accounting firms;

(2) to requisite to the board of directors for the convening of extraordinary general meeting;

(3) to requisite the convening of the meetings of the board of directors;

(4) to appoint external auditing or consulting institutions independently;

(5) to collect voting rights from shareholders publicly before the convening of the shareholders' general meeting;

(6) the consent from more than half of all independent directors must be obtained before exercising the aforesaid powers and duties. In case the said proposals were not adopted or the aforesaid powers and duties could not be exercised as usual, relevant disclosure shall be made by the Company.

Article 136 In addition to exercising the aforementioned powers and duties, the independent directors shall express independent opinion to the board of directors or the shareholders' general meeting on the following matters:

(1) the nomination, appointment and removal of directors;

(2) the appointment or dismissal of senior management;

(3) the remuneration of directors and senior management of the Company;

(4) material fund transfer between the Company and the shareholders or their associated companies;

(5) matters that the independent director considers would impair the interests of minority shareholders;

(6) other matters as stipulated by the Articles of Association.

The independent directors shall present one of the following opinions on the matters referred to above: consent, reservation with reasons given; objection with reasons given; and inability to express an opinion with stated obstacles.

In the case of discloseable matters, opinions of the independent directors shall be disclosed by the Company by way of an announcement. Where the independent directors failed to reach a unanimous opinion, the individual opinion of each independent director shall be disclosed.

Article 137 The board of directors shall propose to the shareholders' general meeting for a replacement of an independent director who has failed to attend the board of directors meetings in person for three times consecutively. Except for the aforesaid situation and the circumstances stipulated by the Company Law under which a person is not permitted to be a director, an independent director shall not be dismissed without reasons during his/her term of office. If the dismissal takes place before the end of the term of office, the Company shall disclose the dismissal as a special discloseable event. If the dismissed independent director believes that the reason for dismissal is improper, he/she may make a public statement.

Article 138 Matters in relation to the system of independent director not stipulated in this section shall be dealt with in accordance with the relevant requirements of laws and regulations.

### **Section 3 The Board of Directors**

Article 139 The board of directors shall be responsible to the shareholders' general meeting and shall have the following powers and duties:

- (1) to be responsible for convening shareholders' general meeting and to report on its work to the shareholders' general meeting;
- (2) to implement resolutions of the shareholders' general meeting;
- (3) to determine the business plans and investment proposals of the Company;
- (4) to prepare the annual financial budgets and final accounts of the Company;
- (5) to prepare plans for profit distribution and plans for making up losses for the Company;
- (6) to formulate the Company's proposals for the increase or reduction of registered capital, issue of debenture and other securities and listing proposals of the Company;
- (7) to formulate proposals on amalgamation, demerger, dissolution, acquisition of shares of the Company or change of form of the Company;
- (8) to decide on the issues including foreign investments, risk investment, acquisitions or disposals of assets, pledge of assets, external warranty, entrusted financial

management and connected transactions of the Company in accordance with the relevant laws, rules, regulations, provisions of the supervisory rules on listed company or the authorization by the shareholders' general meeting;

- (9) to decide on the internal management structure of the Company;
- (10) to decide on the proposals for the establishment and deregistration of branches (legal entities and unincorporated bodies) invested by the Company;
- (11) to appoint or dismiss the company manager and the secretary to the board of directors; to appoint or dismiss senior management including the company deputy manager and financial officer-in-charge based on the nomination by the company manager, as well as to determine their remuneration and award/punishment issues;
- (12) to formulate the basic management system of the Company;
- (13) to formulate proposals for amendments of the Articles of Association;
- (14) to manage the disclosure of information of the Company;
- (15) to propose to the shareholders' general meeting for appointment or dismissal of accountants firm responsible for audit of the Company;
- (16) to review the reports of the Company managers and review their performance;
- (17) any other authorities granted by the laws, regulations, stipulations, the listing rules, the shareholders' general meeting or the Articles of Association.

When the board of directors passes the resolutions stated in above, except for the resolutions in respect of the matters specified in Subsections (6), (7) and (13) above which shall be voted and approved by more than two-thirds or more of the directors, the remaining resolutions shall be voted and approved by more than half of the directors.

Article 140 The board of directors shall establish the Rules and Procedures of the Board of Directors to ensure the efficiency and sensible decision making of the board of directors.

Article 141 Where the board of directors proposes to dispose of the Company's fixed assets, if any fixed assets of the Company have been disposed of in the period of four (4) months immediately preceding the proposed disposal, the aggregate of the amount or value of the consideration for the proposed disposal and the amount or value of the consideration for any such disposal in that period exceeds 33% of the value of the fixed assets as shown in the latest balance sheet laid before the shareholders' general meeting, the board of directors shall not dispose of or agree to dispose of the said fixed assets without the prior approval at the shareholders' general meeting.

The "proposed disposal of fixed assets" referred to in this article shall include the acts of transferring certain interests in that assets but exclude the acts of charging that fixed



assets by way of security.

The validity of the transaction on the disposal of fixed assets by the Company shall not be affected by the breach of this article.

Article 142 Upon authorization by the board of directors, the chairman may exercise part of the power and duties of the board of directors during the close of meetings. The authorization of the board of directors shall be clear and detailed.

Article 143 The chairman shall have the following powers and duties:

- (1) to preside over the shareholders' general meeting and to convene and preside over the meeting of the board of directors;
- (2) to examine the implementation of the resolutions of the board of directors;
- (3) to sign the securities issued by the Company;
- (4) to sign important documents of the board of directors and other documents which are required to be signed by legal representatives of the Company;
- (5) to perform the powers and duties of a legal representative;
- (6) to exercise special power subject to the laws and in the interests of the Company on matters of the Company upon the occurrence of any force majeure events or contingent emergencies such as natural disasters, and to report thereafter to the board of directors and at the shareholders' general meeting of the Company;
- (7) other powers conferred by the board of directors.

If the chairman fails to perform his/her duties, he/she may designate one executive director, or more than half of the directors may jointly elect one director, to perform the duties on his/her behalf.

Article 144 Meetings of the board of directors shall be held at least twice every year and shall be convened by the chairman. The notice for such meeting shall be given to all directors and supervisors fourteen (14) days in advance. An ad hoc board of directors meeting shall be convened within ten (10) days under any one of the following circumstances without any restriction on the period of signing the meeting notice:

- (1) upon the proposal by shareholders holding 10% of the voting rights;
- (2) when the chairman considers it necessary;

- (3) upon joint request by more than four directors;
- (4) upon request by the supervisory committee;
- (5) upon request by the manager;
- (6) upon request by more than two independent directors.

Meeting of the board of directors shall in principle be held at the registered address of the Company. However, it may be held at other place in or outside the PRC if the board of directors so resolved.

The language used at the meeting of the board of directors shall be Chinese. Where necessary, interpreters may also attend the meeting to provide simultaneous interpretation service between Chinese and English languages.

Article 145 Notice of the meeting of the board of directors shall be served in the following manner:

- (1) Where the time and place of regular meeting of the board of directors have been fixed by the board of directors in advance, no notice shall be served.
- (2) Where the time and venue of the meeting of the board of directors have not been decided upon by the board of directors in advance, the chairman shall inform the directors of the time and venue of the meeting by telex, telegram, facsimile, express courier service, registered mail or by hand at least fourteen (14) days but not more than thirty (30) days before the meeting, unless otherwise required by the Articles.
- (3) The notice shall be in Chinese and, if necessary, an English version of the same shall be enclosed therein and the notice shall include agenda of the meeting. Any director may waive the right to receive notice of the meeting of the board of directors.

Notice of the meeting of the board of directors shall include the following information: (1) date and venue of the meeting; (2) duration of the meeting; (3) purpose and agenda of the meeting; and (4) date of issue of the notice.

Article 146 Any major issues to be decided upon by the board of directors of the Company shall be informed within a stipulated time to all executive directors or external directors (directors not working within the Company), and sufficient information shall be provided and strictly in accordance with the procedures. The directors can request for supplementary information. In the event that one-fourth of the directors or more than 2 external directors believe that the information is insufficient or the evidence is not concrete, they may jointly propose to defer the board of directors meeting or postpone the discussion of the issues by the board of directors, whereas the board of directors shall accept the

request.

A director shall be deemed to have received the notice of meeting if he is present at the meeting and does not raise the issue of the non-receipt of such notice prior to or at the time of his arrival at the meeting.

The regular meeting or interim meeting of the board of directors may be held by conference telephone or similar communication equipment. So long as all the directors participating at the meeting can clearly hear and communicate with each other, all such directors present shall be deemed to be present in person at the meeting.

Article 147 Meeting or interim meeting of the board of directors may be conducted and resolutions may be passed via facsimile provided the rights of directors to fully express their opinions are not compromised. The document of such meeting shall be signed by the attending directors and the meeting shall be deemed to be attended by such directors in person.

Article 148 The quorum of the meeting of the board of directors shall be more than one-half of the directors (including those directors who have appointed in writing other directors to attend the meeting on their behalf as stipulated by the Articles of Association).

Each director shall be entitled to cast one vote. The board of directors shall pass a resolution upon the approval of more than half of the directors. In the event that the votes against and the votes for are the same, the chairman of the board of directors shall have the right to cast an extra vote.

Where a director has any interest in the subject matter to be resolved at the meeting of the board of directors, such director shall withdraw from the meeting, abstain from voting and shall not be taken into account in counting the quorum of directors present at the meetings.

Article 149 A director who fails to attend and has not appointed other director to attend the meeting of the board of directors on his behalf on two consecutive occasions shall be deemed to be incapable of performing his duties. The board of directors shall propose for his removal in the shareholders' general meeting.

Article 150 A director may be appointed to the office of the manager, deputy manager or other senior management. However, the number of directors who are appointed to the office of the manager, deputy manager or other senior management shall not exceed one-half of the total number of directors of the Company.

Article 151 A director shall attend the meeting of the board of directors in person. Where the director is unable to attend the meeting, he/she may appoint in writing another director to attend the meeting on his/her behalf. The appointing instrument shall specify the name of the authorized person, the matters concerned, the authorized scope and the

validity period. It shall be signed or affixed by the appointer.

The proxy director at the meeting shall exercise the director's right within the scope of authorisation. Any director who fails to attend a meeting of the board of directors without appointing any proxy is deemed to have waived his voting right at the particular meeting.

The expenses incurred by the directors in attending a meeting of the board of directors shall be borne by the Company. These expenses include transportation fees between the location of the director and the place of meeting and charges for accommodation and meals during the period of the meeting of the board of directors. Miscellaneous expenses such as rental of the venue of the meeting and local transportation fees shall also be borne by the Company.

Article 152 Unless otherwise specified by the applicable laws, regulations, stipulations and listing rules, the board of directors shall establish stringent review and decision making procedures. The board of directors of the Company is entitled to make decisions on the investment (including risk investment) or acquisition projects within the scope authorized by the shareholders' general meetings. As to substantial investments and major business strategies that lie beyond the board of directors' authorized scope, experts or professionals shall be engaged for review purpose which shall be reported to the shareholders' general meeting for approval.

Article 153 A director may accept resolutions in writing in lieu of convening a meeting of the board of directors. However, the draft of such resolutions shall be sent to every director by hand or by post, telex or facsimile. A resolution shall be a director's resolution without convening a meeting of the board of directors if it is has been sent to all directors by the board of directors and approved and signed by the requisite number of directors to pass the resolution and sent back to the Secretary by one of the aforesaid means.

Article 154 The board of directors shall record, in Chinese and in the form of minutes, the matters resolved at the meeting of the board of directors and matters passed without convening a meeting of the board of directors. Directors attending the meeting shall have the right to request to add to the minutes explanatory descriptions of their statements made at the meeting. Opinions expressed by the independent directors shall be specified at the board of directors' resolutions. Minutes of every meeting of the board of directors shall be provided to all directors for review as soon as possible. Any directors who intend to amend or supplement the minutes shall within one week after receiving the same submit his/her proposed amendments in writing to the chairman. The agreed final form of the minutes shall be signed by the directors who attended such meeting and the person taking notes of the proceedings of such meeting. Minutes of all meetings of the board of directors shall be kept at the Company's registered address in the PRC and a complete copy of the minutes shall be sent to every director as soon as possible. The minutes shall be kept for a minimum of ten (10) years.

Written resolutions signed by directors without going through the statutory proceedings shall bear no legal validity as a board of director's resolution even if every director has expressed opinions through various means. Where any resolution of the board of directors

breaches the laws and regulations, the Articles of Association or resolutions of the general meetings that results in significant losses to the Company, the directors involved in passing such resolution shall be liable for losses incurred to the Company. If a director is proved to have expressed objection when passing such resolution which has been recorded in the minutes of the meeting, such director can be exempted from the liability.

Minutes of meetings of the board of directors shall include the following information: (1) date, venue and name of the convener of the meeting; (2) names of directors attending the meeting in person and directors (proxy) who has been appointed by other directors to attend the meeting; (3) agenda of the meeting; (4) summary of opinions expressed by the directors; and (5) the manner and result of voting of each resolution, (with the number of votes for, against and abstained recorded clearly).

#### **Section 4 Special Committees of the Board of Directors**

Article 155 The Company shall establish the strategic committee, the audit committee, the remuneration and evaluation committee and the nomination committee by resolutions of shareholders' general meeting. Their duties and respective rules and procedures of such committees shall be individually formulated by the board of directors of the Company;

The special committee shall comprise members of the board of directors. Election, appointment and removal of committee members shall be determined by the board of directors;

Each special committee shall have a convener who is responsible for the day to day administration of the committee. The convener shall convene and chair meetings of the special committee;

Each member of a committee shall have one vote. Resolution of a special committee shall be passed by way of show of hands.

Article 156 The special committees may engage intermediaries to provide professional opinion and the relevant expenses shall be borne by the Company.

Article 157 The committees are accountable to the board of directors and the proposals of the committees shall be submitted to the board of directors for its review and decision.

### **Chapter 12**

#### **Secretary to the Board of Directors of the Company**

Article 158 The Company shall have one (1) or two (2) secretaries to the board of directors. The secretary is a senior management of the Company.

Article 159 The secretary shall be a natural person who has the requisite professional knowledge and experience. The secretary shall be appointed by the board of directors.

If the Company shall have two (2) secretaries to the board of directors, they shall be respectively responsible for the Company's affairs in the PRC and in Hong Kong, but either one of the secretaries can independently exercise all the power of a company secretary and shall be responsible for the disclosure of information of the Company and shall ensure its timely release, accuracy, legitimacy, truth and completeness. The secretary responsible for affairs in the PRC shall be mainly responsible for ensuring that the constitution documents and records of the Company are in order, that the necessary reports and documents are prepared and submitted to the relevant PRC authorities in accordance with the laws, that the register of shareholders of the Company are properly maintained and that persons entitled to records and documents of the Company are furnished with such records and documents without delay.

In accordance with the directions of the board of directors, the secretary who is responsible for Hong Kong's affairs shall be mainly responsible for reporting and submitting relevant information and documents to the HKSE in accordance with the Listing Rules of the HKSE, preparing various documents in connection with the shareholders' general meetings and meetings of the board of directors and submitting to the Registrar of Companies in Hong Kong documents relating to the Company.

Where the Company has only one secretary to the board of directors, he shall undertake all the above mentioned responsibilities of PRC affairs secretary and Hong Kong affairs secretary.

Article 160 Any senior management of the Company, except supervisors, the manager (not including the deputy manager) and the financial officer-in-charge, may be appointed as the secretary to the board of directors. Any accountants of the accountants firm appointed by the Company shall not be appointed as the secretary to the board of directors.

Where the secretary to the board of directors is also a director and an act is required to be done by a director and the secretary separately, such person who is acting both as a director and the secretary shall not perform the act in both capacities.

Article 161 The secretary to the board of directors shall comply with the relevant provisions of the Articles of Association of the Company and perform his/her duties in a diligent manner.

The secretary to the board of directors shall assist to ensure that the Company complies with the relevant laws of the PRC, listing rules formulated by the regulatory authorities and the regulations of the stock exchange on which the shares of the Company are listed.

## **Chapter 13 Manager of the Company**

Article 162 The Company shall have one manager who is nominated, hired or dismissed by the board of directors.

The term of office of the manager shall be three years, renewable upon re-appointment.

Any person who holds an executive position in the controlling shareholder of the Company other than as a director or supervisor shall not be appointed as a senior management member of the Company.

Article 163 The manager shall be responsible to the board of directors and shall have the following powers and duties:

- (1) to be responsible for the production and management of the Company and to organize the implementation of the resolutions of the board of directors;
- (2) to organize the implementation of the annual business plans and investment and financing proposals of the Company;
- (3) to prepare proposals for the internal management structure of the Company;
- (4) to prepare the management systems of the Company;

- (5) to draft the regulations of the Company;
- (6) to nominate appointment and dismissal of deputy managers and persons in charge of financial matters;
- (7) to employ and dismiss management staff other than those who shall be employed and dismissed by the board of directors;
- (8) to propose to convene extraordinary meeting of the board of directors;
- (9) other powers conferred by the Articles of Association and the board of directors.

Article 164 The manager who is not a director may attend any meeting of the board of directors and shall be entitled to receive notice of the meeting and relevant documents. The manager who is not a director shall not be entitled to vote at any meeting of the board of directors.

Article 165 When the manager performs his/her terms of reference, he/she shall not alter the resolutions of the shareholders' general meetings or the board of directors or exceed his/her authorized power.

Article 166 Upon request of the board of directors or the supervisory committee, the manager shall report to the board of directors or the supervisory committee on the signing and implementation of any material contracts, utilization of funds and profit or loss position of the Company. The manager shall ensure the truthfulness of such reports.

Article 167 The manager of the Company shall seek the views of the labour union and the representatives of the staff before determining the wages, benefits, production safety, work and operation, labour insurance, termination (or dismissal) of the employees of the Company and any other matters concerning the interests of the employees of the Company.

Article 168 The manager shall propose the terms of reference of the manager to the board of directors for approval before execution.

Article 169 The terms of reference of the manager cover the following:

- (1) The conditions, procedures and participants of the meetings convened by the manager;
- (2) The respective duties and responsibilities of the manager, deputy manager and other senior management;
- (3) the approval authorities on the utilization of funds and assets of the Company and the signing of major contracts, as well as the reporting system to the board of directors and the supervisory committee;
- (4) Any other matters deemed as necessary by the board of directors.



Article 170 The managers of the Company shall discharge their duties honestly and diligently in accordance with the laws, administrative regulations and the Articles of Association.

Article 171 The managers of the Company and other senior management shall give three (3) months prior written notice of resignation to the board of directors.

## **Chapter 14 Supervisory Committee**

Article 172 The Company shall have a supervisory committee. The supervisory committee is the Company's standing internal supervisory body. Its responsibilities are to exercise supervision over the board of directors and its members and other senior managements, including the manager and deputy managers, to prevent any abuse of powers, infringement of the legitimate rights of the shareholders of the Company, the Company and its workers.

Article 173 The supervisory committee shall consist of five (5) supervisors, one of whom shall act as the chairman of the supervisory committee. The term of office for the supervisors shall be three (3) years and they shall be eligible for re-election.

The appointment and removal of the chairman of the supervisory committee shall be made by a resolution passed by two-thirds or more of the members of the supervisory committee.

Article 174 At least one third of the supervisory committee shall be representatives of the staff and workers. The representatives of the shareholders shall be elected and removed by the shareholders at the shareholders' general meeting. The representatives of the staff and workers of the Company shall be elected and removed through democratic election by the staff and workers of the Company.

Article 175 Candidates for supervisors (except for supervisors representing the employees) shall be generally nominated by the supervisory committee of the Company at the shareholders' general meeting by submitting a proposal. Shareholders, the board of directors and the supervisory committee of the Company shall nominate candidates for supervisors in accordance with the laws, regulations and the Articles.

If any single shareholder of the Company together with its parties acting in concert controls 30% interests of the Company or more, the shareholders' general meeting shall adopt the cumulative voting system when voting on the resolutions on the election of directors are demanded for poll.

The aforesaid cumulative voting system refers to the situation that when electing the supervisors at the shareholders' general meeting, each share carries the same amount of voting rights as the number of supervisors to be elected. The voting rights of a shareholder may be consolidated for voting purposes. Detailed rules of implementation are as follows:

- (1) When the number of supervisors proposed for election is above two, the cumulative

voting system shall be implemented. When adopting of the cumulative voting system, each share held by the shareholders who participate in the poll shall have the voting rights equal to the total number of supervisors proposed for election.

(2) When electing supervisors, the number of voting rights that each shareholder is entitled to equals to the product of the number of shares held by the shareholder multiplied by the number of supervisors to be elected.

(3) The notice of shareholders' general meeting shall inform the shareholders of the cumulative voting system for the supervisors' election proposal. The convener of the meeting shall prepare ballot paper suitable for the adoption of the cumulative voting system. Written instructions and explanations for the cumulative voting system, the method of filling in the ballots, and the method of counting votes shall be provided.

(4) When votes are cast on election of supervisors at shareholders' general meeting, the shareholders may diverse their votes and vote for each supervisor candidate with the same voting rights as the number of shares held by them; or they may consolidate their votes and cast all of their votes for one supervisor candidate with the voting rights which are the same as the number of supervisors proposed for election per share held by them, or vote for a certain number of supervisor candidates respectively with the voting rights which are the same as the number of supervisors proposed to be elected. However, the total number of votes cast by shareholders shall not exceed the total number of votes they are entitled to.

(5) If the total number of consolidated voting rights exercised by a shareholder for certain or several supervisor candidates is more than the voting rights of all the shares held by the shareholder, the shareholder's votes are invalid and deemed to have been waived; if the total number of voting rights exercised by a shareholder for certain or several supervisor candidates is less than the voting rights of all the shares held by the shareholder, the shareholder's votes are valid and the voting rights attached to the difference between the votes actually cast and the votes which the shareholder is entitled to cast shall be deemed to have been waived.

(6) If the number of votes received by the supervisor candidates exceeds one-half of the total number of shares with voting rights at the shareholders' general meeting (subject to the number of unaccumulated shares), and the number of supervisor candidates does not exceed the number of supervisors to be elected, then all supervisor candidates are elected. If the number of supervisor candidates elected at the shareholders' general meeting exceeds the number of supervisors proposed for election, the supervisor candidates will be elected based on the ranking of votes cast on them in a descending order and the number of supervisor candidates to be elected shall not exceed or equal to the number of supervisors proposed for election (but if the number of votes for two or more elected candidates with fewer votes is equal, and the fact that the election of such candidates will give rise to the result that the number of elected candidates will exceed the number of supervisors proposed for election, then these candidates shall be considered as not elected). If the number of the supervisors elected at the shareholders' general meeting is less than the number of the supervisors proposed to be elected, a new round of voting shall be conducted to elect the vacant supervisors until all the supervisors proposed for election are elected.

(7) When a new round of voting is conducted at the shareholders' general meeting for election of supervisors in accordance with the provisions under the item (6) above, the cumulative number of votes of the shareholders shall be recalculated according to the

number of supervisors proposed for election in each round of election.

Article 176 The Company's directors, the manager, the financial officer-in-charge and other senior management shall not act as supervisors concurrently.

Article 177 Meetings of the supervisory committee shall be held at least once every six (6) months and it shall be convened by the chairman of the supervisory committee.

Should the chairman of the supervisory committee fail to perform his/her duties and authorities, a supervisor may be elected or designated by a majority of supervisors to act on his/her behalf.

A supervisor shall be regarded as unable to perform his duties if he fails to attend the meetings of the supervisory committee in person on two consecutive occasions and shall be vacated and replaced at the shareholders' general meeting or the meeting of employees' representatives.

Article 178 In the event that no election has yet been proceeded upon the end of the term of office of the supervisors, or a supervisor resigns during the term of office that leads to the situation that the number of members of the supervisory committee falls below statutory requirements, the existing supervisors shall, before the elected supervisors take office, perform their terms of reference at the supervisory committee in accordance with the laws, regulations and the Articles.

Article 179 The supervisory committee shall be held accountable to the shareholders' general meetings and shall perform the following duties and authorities in accordance with the laws:

- (1) To inspect the financial matters of the Company, to review the periodic reports of the Company and to provide written comments thereon;
- (2) To supervise the conduct of the directors and senior management during the performance of their duties and to make recommendations for dismissals of any directors and senior management for any violation of the law, administrative regulations, the Articles and the resolutions of the shareholders' general meeting;
- (3) To request the Company's directors, manager and other senior management to rectify any of their conduct that is harmful to the interests of the Company;
- (4) To review the financial information of financial reports, business reports and profit distribution plans, etc. to be submitted to the shareholders' general meetings by the board of directors. In case of any doubt, the supervisory committee may commission, in the Company's name, certified accountants or practicing auditors in the Company's name to assist in verification and examination;
- (5) To propose the convening of extraordinary shareholders' general meetings or meetings of the board of directors; to convene and chair a shareholders' general meeting if the board of directors is unable to fulfill its duties in convening and

chairing a shareholders' general meeting in accordance with the Company Law;

- (6) To make proposals to shareholders' general meetings;
- (7) To file lawsuit against the directors or senior management of the Company in accordance with Article 152 of the Company Law;
- (8) To conduct investigations when the Company's operations are found to be unusual. Professional organizations including accounting firms and law firms may be engaged when necessary, with the relevant costs to be borne by the Company;
- (9) Other duties and authorities as provided by the Articles of Association.

Supervisors may attend meetings of the board of directors as observers, and may question or make recommendations on the resolutions to be passed by the board of directors.

Article 180 The notice on the convening of a meeting or extraordinary meeting of the supervisory committee shall be delivered by hand, facsimile, express courier service or registered air mail. The notice period of a meeting shall be at least ten (10) days before the meeting of the supervisory committee.

A notice of the supervisory committee meeting shall include the following content:

- (1) date, venue and time period of the meeting to be held;
- (2) purposes and agenda;
- (3) date of notice.

The supervisory committee shall maintain records of its meetings. Minutes of meetings shall be signed by the attending supervisors and the recording officers. The supervisors have the right to require to keep statements in explanation to his presentations during the meetings, and the minutes of the supervisory committee meetings shall be treated as important files which shall be kept properly and permanently.

Article 181 The resolutions of the supervisory committee shall be passed by two-thirds or more of supervisors.

Article 182 The reasonable costs and expenses incurred in engaging professionals such as lawyers, registered accountants and certified auditors as are required by the supervisory committee in discharging its duties shall be borne by the Company.

Article 183 Supervisors shall honestly discharge their duties in accordance with the laws, administrative regulations and the Articles of Association of the Company.

## **Chapter 15 Qualifications and Obligations of the Directors, Supervisors, Manager and Other Senior Management of the Company**

Article 184 A person shall be disqualified from being a director, supervisor, manager or other senior management of the Company in any one of the following circumstances:

- (1) the person has no civil capacity or restricted civil capacity;
- (2) a period of less than 5 years has elapsed since the conviction of corruption, bribery, unauthorized appropriation of properties, embezzlement of properties or disrupting social and economic order of the person; or a period of less than 5 years has elapsed since the person was being deprived of political rights for commission of offences;
- (3) a period of less than 3 years has elapsed since the completion of the liquidation of any company or enterprise which was insolvent due to unsound business operation and management and where the person acted as a director or factory manager, manager of such company or enterprise and was personally liable for such insolvency;
- (4) a period of not less than 3 years has elapsed since revocation of the business license of a company or enterprise due to illegal business operations where the person was the legal representative of such company or enterprise and for which he was personally liable;
- (5) the person is personally liable for a substantial loan which was due for payment but remains unpaid;
- (6) the person has been involved in criminal offences subject to investigation by judicial authorities and the case has yet to be settled;
- (7) the person is not eligible for acting in the leadership of a company or enterprise according to the laws or administrative regulations;
- (8) the person is not a natural person;
- (9) a period of less than 5 years has elapsed since the person was adjudged by the relevant governing authority to be guilty of contravention of provisions of securities regulations involving fraud or dishonesty;
- (10) the person being prohibited by the China Securities Regulatory Commission from participating in the securities market and such prohibition has not been discharged.

Article 185 No director of the Company shall act on behalf of the Company or the board of directors without the lawful authorization by the Articles or the board of directors. In the event that a director acts in his/her own name which may be reasonably deemed by a third party as acting on behalf of the Company or the board of directors, such director shall state his/her stance and identity in advance.

Article 186 The validity of an act of a director, manager or other senior management of the Company acting on behalf of the Company against any bona fide third party shall not be affected by any irregularity in his appointment, election or any defects in his qualification.

Article 187 In addition to the obligations imposed by the laws and administrative regulations or required by the listing rules, a director, supervisor, manager or other senior management owes a duty to each shareholder for the following in the exercise of the powers entrusted to him:

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

Article 188 A director, supervisor, manager or other senior management of the Company, owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonable prudent person would be expected to exercise in comparable circumstances.

Article 189 A director, supervisor, manager or senior management owes a duty, in the exercise of powers of the Company entrusted to him, to observe obligations of a fiduciary and not to place himself in a position where his interest and the obligations undertaken may conflict. This principle shall including, without limitation to the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise the powers vested in him and not to exceed the scope thereof;
- (3) to exercise the discretionary power granted to him personally and not allow himself to act under the direction of another and unless and to the extent permitted by the laws and administrative regulations or informed consent of shareholders in shareholders' general meeting, not to delegate the exercise of this discretion;
- (4) to treat the shareholders of the same class equally and treat the shareholders of different classes fairly;

(5) except in accordance with the Articles of Association or with the informed consent of shareholders in shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;

(6) without the informed consent of shareholders in shareholders' general meeting, not to use the Company's property for his own benefit;

(7) not to use his authority for obtaining bribes or other illegal income and not to expropriate in any guise the property of the Company including, without limitation to, not to usurp opportunities beneficial to the Company;

(8) without the informed consent of the shareholders' general meeting, not to accept commissions in connection with the Company's transaction;

(9) to observe the Articles of Association; to perform the duties faithfully; to protect the interests of the Company; not to use his position and authority in the Company to make his own benefit;

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

(11) shall not embezzle the funds of the Company; shall not deposit the assets of the Company into accounts under his name or any other name; without the informed consent of the shareholders' general meeting or the board of directors, shall not make loans to others out of the funds of the Company and shall not use assets of the Company as security for loans to others;

(12) not to disclose confidential information of the Company acquired by him during the term of office without the informed consent of the shareholders' general meeting; not to use the information other than in the interests of the Company; save and except that disclosure of such information to the court of law or other government authorities is permitted if:

1. such disclosure is required by the laws;
2. such disclosure is required by public interest;
3. it is in the personal interests of such director, supervisor, manager or other senior management to require disclosure.

Any income received by directors, supervisors, the manager or other senior management in breach of this Article shall belong to the Company. The directors, supervisors, manager or other senior management shall be held liable for indemnifying against any losses caused to the Company.

Article 190 Directors, supervisors, manager and other senior management shall attend the shareholders' general meeting, if so required by the shareholders' general meeting, to give explanations and clarification to queries and suggestions by shareholder(s). Directors, manager and other senior management of the Company shall accurately provide

relevant information to the supervisory committee and shall not obstruct the supervisory committee from exercising its authorities.

Article 191 A director, supervisor, manager and other senior management of the Company shall not cause any of the following person or association (the “associates”) to do such things as such director, supervisor, manager or other senior management is prohibited from doing so:

- (1) the spouse or minor children of that director, supervisor, manager or other senior management of the Company;
- (2) the trustee of that director, supervisor, manager or other senior management of the Company or any person referred to in paragraph (1) of this article;
- (3) the partner of that director, supervisor, manager or other senior management of the Company or any person referred to in paragraphs (1) and (2) of this article;
- (4) a company in which that director, supervisor, manager or other senior management of the Company alone or jointly with one or more of the persons referred to in paragraphs (1), (2) and (3) of this Article or other directors, supervisors, manager or other senior management of the Company, has a de facto controlling interest;
- (5) a director, supervisor, manager or other senior management of a company being controlled as referred to in paragraph (4) of this article.

Article 192 The fiduciary duty of a director, supervisor, manager or other senior management of the Company does not necessarily cease upon the termination of his tenure of office. The obligation of confidence in relation to the trade secrets of the Company shall survive after the termination of his tenure. Other obligations may continue for such period as to be determined under the principle of fairness, depending on the time lapse between the acts concerned and the termination and the circumstances and the conditions under which the relationship with the Company is terminated.

Article 193 Any director, supervisor, manager or other senior management of the Company who violates any laws, administrative regulations, departmental rules or the Articles during the course of performing his/her duties shall be held liable for indemnifying against any loss caused to the Company. Any director, supervisor, manager or other senior management of the Company who has unduly vacated his/her office without authorization before his tenure expires, thereby causing losses to the Company, shall be liable for indemnifying the Company against such losses.



Article 194 Except as provided in Article 58 of the Articles, directors, supervisors, manager or other senior management of the Company may be exempted from liabilities for specific breach of duties with informed consent by the shareholders' general meeting.

Article 195 Where a director, supervisor, manager or senior management member of the Company is, personally or through other company in which he/she holds office, in any way directly or indirectly connected in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than a service contract), he/she shall disclose the nature and extent of his/her connection to the board of directors at the earliest opportunity, whether or not such matter is subject to the approval of the board of directors in normal circumstances.

Unless the connected director has disclosed his/her connection to the board of directors in accordance with the preceding paragraph of the Articles and the above matter has been approved by the board of directors at a meeting in which the connected director(s) is not counted in the quorum and has refrained from voting, such contract, transaction or arrangement is voidable by the Company except against a bona fide third party.

A director shall not vote (nor be counted in the quorum) on any resolution of the board of directors approving any contract, arrangement or proposal in which he or any of his associates (for the purpose of this paragraph to the sixth paragraph of this Article, the term "associate(s)" shall have the same meaning as the term "associate(s)" as defined in the Rules Governing the Listing of Securities on the HKSE), to the knowledge of such director has a material interest, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum on such resolution of the board of directors, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving by the Company of any security or indemnity to the director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement for the giving by the Company of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the director or his associate(s) has/have himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any contract or arrangement in which the director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or

debentures or other securities of the Company;

- (v) any contract, arrangement or proposal concerning any other company in which the director or his associate(s) is/are interested only, whether directly or indirectly, as an senior management or executive or shareholder or in which the director and/or his associate(s) is/are beneficially interested in shares of that company, provided that the director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares or voting rights of any class of shares of such company (or of any third party company through which his interest or that of his associates is derived);
- (vi) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors, his associates and employees of the Company or any of its subsidiaries and does not give the director or his associate(s) any privilege not generally accorded to the employees to whom such scheme or fund relates; and
- (vii) any proposal or arrangement concerning the adoption, modification or operation of any share scheme involving the issue or grant of options over shares or other securities by the Company to, or for the benefit of the employees of the Company or any of its subsidiaries under which the director or his associate(s) may benefit.

A company shall be deemed to be a company in which a director and/or his associate(s) own(s) 5% or more if and so long as (but only if and so long as) he and/or his associate(s) is/are (either directly or indirectly) the holder(s) of or beneficially interested in 5% or more of any class of the equity share capital of such company (or of any third company through which his interest or that of any of his associates is derived) or of the voting rights available to members of such company. For the purpose of this paragraph there shall be disregarded any shares held by a director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the director or his associate(s) is/are in reversion or remainder if and so long as some other person(s) is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the director or his associate(s) is/are interested only as a unit holder and any shares which carry no voting right at shareholders' general meetings and very restrictive dividend and return of capital right.

Where a company in which a director and/or his associate(s) hold(s) 5% or more is materially interested in a transaction, then that director and/or his associate(s) shall also be deemed materially interested in such transaction.

If any question shall arise at any meeting of the board of directors as to the materiality of the interest of a director (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to such other director shall be final and conclusive except in a case where the nature or extent of the interest of the director and/or his

associate(s) concerned as known to such director has not been fairly disclosed to the board of directors. If any question as aforesaid shall arise in respect of the chairman of the meeting, such question shall be decided by a resolution of the board of directors (for which purpose such chairman shall be counted in the quorum but shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the board of directors.

Article 196 Where a director, supervisor, manager or senior management of the Company gives a general notice in writing to the board of directors before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company, stating that, by reason of facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, that notice shall be deemed for the purpose of the preceding article of this Article to be a sufficient declaration of interests of such director, supervisor, manager or senior management, so far as attributable to those facts in relation to any contract, transaction or arrangement of that description which may subsequently be made by the Company.

Article 197 The Company shall not, in any manner, pay tax for or on behalf of its director, supervisor, manager or other senior management.

Article 198 The Company shall not directly or indirectly, make a loan to or provide guarantee in connection with a loan made by any person to its directors, supervisors, manager or other senior management of the Company or of its holding company; or make a loan to or provide guarantee in connection with any loan made by any person to the associates of such person as aforesaid.

The preceding provision shall not apply to the following:

(1) the provision of a loan or a guarantee for a loan by the Company to a company which is subsidiary of the Company;

(2) the provision of a loan or a guarantee for loan by the Company to any of its directors, supervisors, manager or other senior management under a service contract as approved by shareholders in shareholders' general meeting or the provision of funds by the Company to him to meet expenditure incurred or to be incurred by him for the purpose of the Company or for the purpose of enabling him to perform his duties properly;

(3) where the ordinary course of business of the Company includes the lending of money and the giving of guarantees, the Company may make a loan to or provide a guarantee in connection with a loan by another person to any of its directors, supervisors, manager or other senior management or his associates on normal commercial terms.

Article 199 A loan made by the Company in breach of the preceding provisions, shall be forthwith repayable by the recipient regardless of the terms of the loan.

Article 200 A loan guarantee provided by the Company in breach of provision under paragraph (1) of Article 198 shall be unenforceable against the Company, except under the following circumstances:

(1) a loan was made by a lender to a person connected with director, supervisor, manager or other senior management of the Company or of its holding company, and at the time the loan was advanced the lender did not know of the relevant circumstances;

(2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

Article 201 The guarantee referred to in the preceding article shall include an undertaking by the guarantor or property provided to secure the performance of obligations by the obligor.

Article 202 Subject to the approval at the shareholders' general meetings, the Company may purchase liability insurance for its directors, supervisors, manager or other senior management. Except otherwise for liabilities arising from any breach of the provisions of laws, regulations and the Articles of Association by the directors, supervisors, the manager or other senior management.

Article 203 Where a director, supervisor, manager and other senior management of the Company is in breach of his obligations to the Company, the Company shall have a right to take the following measures in addition to the various rights and remedies provided by the laws and administrative regulations:

(1) to request such director, supervisor, manager and other senior management to pay damages for the losses sustained by the Company as a natural consequence of his breach of duties;

(2) to rescind any contract or transaction entered into by the Company with such director, supervisor, manager or other senior management and any contract or transaction entered into by the Company with a third party (where such third party knew or should have reasonably known that such director, supervisor, manager or other senior management representing the Company is in breach of the obligations to the Company);

(3) to request such director, supervisor, manager or other senior management to return the proceeds received as a consequence of the breach of the obligations;

(4) to recover from such director, supervisor, manager and other senior management any monies which should otherwise have been received by the Company, including, without limitation to any commission;

(5) to request such director, supervisor, manager and other senior management to return

such interests accrued or may be accrued from the monies which should otherwise have been paid to the Company.

Article 204 The Company shall, with the prior approval by the shareholders in shareholders' general meeting, enter into a contract in writing with a director or a supervisor in respect of his remuneration. The remuneration referred to above shall include:

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

Save pursuant to the contract aforesaid, no legal proceedings may be brought by a director or a supervisor against the Company in respect of the benefits ought to be received by him by reasons of the matters stipulated above.

Article 205 There shall be a provision in a contract made between the Company and a director or supervisor in respect of their remuneration that the director or the supervisor shall, subject to the prior approval by the shareholders in shareholders' general meeting, be entitled to payment by way of compensation for loss of office or other amounts as consideration for his retirement from office in connection with the takeover of the Company. A takeover of the Company referred above shall mean any of the following:

- (1) a takeover offer made to all shareholders by any person;
- (2) a takeover offer made by any person with a view that the offeror shall become the controlling shareholder. The definition of "controlling shareholder" shall be the same as the one defined in Article 61 of the Articles of Association.

If the relevant director or supervisor does not comply with this article, any sum received by him shall belong to the persons who have sold their shares as a result of accepting the offer made as aforesaid; and the expenses incurred in distributing that sum pro rata amongst those persons shall be borne by him and not be deducted from that sum.

## **Chapter 16 Financial and Accounting System, Profit Distribution and Internal Control**

Article 206 The Company shall formulate the financial and accounting system of the Company in accordance with the laws, administrative regulations and the provisions in the PRC accounting standards prepared by the authority governing financial matters under the State Council.

Article 207 The financial year of the Company shall coincide with the calendar year, which commences from 1st January and ends on 31st December of the Gregorian calendar.

The Company shall adopt Renminbi as its accounts keeping unit. All accounts shall be written in Chinese.

At the end of each financial year, the Company shall prepare a financial report reviewed and audited by an accountants firm in accordance with statutory requirements.

Article 208 At each annual general meeting of the shareholders, the board of directors of the Company shall submit to the shareholders the financial reports prepared by the Company as required by the relevant laws, administrative regulations and other regulatory provisions promulgated by the local government and other governing authorities. Such reports shall be certified.

Article 209 The financial reports of the Company shall be made available at the Company for inspection by its shareholders not later than twenty (20) days before the shareholders' general meeting. Each shareholder of the Company shall be entitled to receive the financial statements referred to in this article.

Article 210 The Company shall send by prepaid mail twenty-one (21) days before the annual general meeting the above reports to each holder of overseas listed foreign shares. The service address shall be the address registered in the register of shareholders.

Article 211 The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with international accounting standards or such accounting standards of the place where the shares of the Company are listed. Where material differences appear in the financial statements prepared in accordance with the two sets of accounting standards mentioned above, the notes to the financial statements shall contain statements of the material differences. Where the Company makes a distribution of profit after taxation in respect of the relevant financial year, the amount of distribution shall be the lesser of the respective profit after taxation as shown in both sets of financial statements as aforesaid.

Article 212 The interim results and financial information to be published or disclosed by

the Company shall be prepared in accordance with the PRC accounting standards and regulations, and at the same time to be prepared in accordance with international accounting standards or the accounting standards of the place where the shares of the Company are listed.

Article 213 The Company shall publish its financial reports twice in each financial year. The interim financial report shall be published within sixty (60) days after the end of the first six (6) months of the financial year and the annual financial report shall be published within one hundred and twenty (120) days after the end of the financial year.

Financial reports of the Company shall be prepared in accordance with the requirements of the relevant laws, regulations and rules.

Article 214 The Company shall not have other books of account other than the statutory books of account.

Article 215 In the event that the Company distributes its profit after tax of the year, it shall allocate 10% of the profit to the statutory reserve fund of the Company. If the accumulated amount of the Company's statutory reserve fund exceeds 50% of its registered capital, the Company may choose not to make further allocations to the Company's statutory reserve fund.

Where the statutory reserve fund is insufficient to offset the losses of the Company in previous years, the profit in the present year shall be used to offset the losses of the previous years before allocation is made to the Company's statutory reserve fund in accordance with the above provision.

Subject to a resolution passed at the shareholders' general meeting, allocation to the discretionary reserve fund can be made after making allocation to the statutory reserve fund.

The remaining profit after tax (subsequent to offsetting losses of the Company in previous years and allocations to the reserve funds) shall be distributed to shareholders in proportion to their shareholdings, except for any non-pro rata distributions as required by the Articles of Association. Shares held by the Company shall not be included for profit distribution.

The Company shall not distribute dividends or proceed with other distributions in the form of bonus dividends before offsetting the Company's losses and making allocation to the statutory reserve fund. Dividends paid by the Company shall not carry any interest except where the Company has failed to pay the dividends to the shareholders on the date on which such dividends become payable.

In the event that the shareholders' general meeting violates the rules set out above, any profits distributed to the shareholders prior to the Company having offsetted the losses in previous years and having allocated to the statutory reserve fund, shall be returned to the

Company.

Article 216 The profits after taxation of the Company shall be distributed in accordance with following order:

- (1) making up for losses;
- (2) allocation to statutory reserve fund;
- (3) allocation to discretionary reserve fund upon approval by a resolution of the shareholders in shareholders' general meeting;
- (4) payment of dividends in respect of ordinary shares;

Save as otherwise provided in article 222 of the Articles of Association, the actual proportion of distribution in respect of item (4) of this Article for any year shall be determined by the Board with regards to operational conditions and the development requirements of the Company, and shall be submitted to shareholders' general meeting for approval.

Article 217 The capital reserve fund shall include the following sums:

- (1) the amount of share premium arising from the issue of shares in excess of their par value;
- (2) other income to be credited to capital reserve fund in accordance with the provisions of the authority governing the financial matters under the State Council.

Article 218 After the shareholders' general meeting of the Company has resolved on the profit distribution plan, the board of directors of the Company shall complete the distribution of dividends (or scrip dividends) within two (2) months after the date of the shareholders' general meeting.

Article 219 The Company shall not distribute dividends or proceed with other distributions in the form of bonus dividends before offsetting the Company's losses and making allocation to the statutory reserve fund.

The Company shall allocate 10% of the profit after taxation of the year to the statutory reserve fund. The Company may stop allocating to the statutory reserve fund if the amount of the accumulated statutory reserve fund exceeds 50% of the Company's registered capital.



## Article 220

(1) The basic principles of profit distribution policy of the Company:

- i. taking full account of return to investors and distributing dividend to Shareholders per annum in proportion to distributable profit realized for the year concerned;
- ii. maintaining the continuity and stability of the Company's profit distribution policy in the interest of the Company in the long term and that of all Shareholders as a whole and in line with the sustainable development of the Company;
- iii. giving priority to the manner of profit distribution by dividend distribution in cash.

(2) Profit distribution policies of the Company are specified as follows:

- i. Form of profit distribution: The Company may distribute dividends in cash, in shares or in a combination of both cash and shares. Subject to conditions, interim profit distribution may be made by the Company.
- ii. Specific conditions for and proportions of cash dividend distribution of the Company: Save as special circumstances, if the Company's profit for the year and its accumulated unappropriated profit are positive, the Company may distribute dividend in cash and the profit to be distributed in cash per annum will not be less than 10% of the distributable profit realized for that year.

Such special circumstances refer to: special circumstances that may have material adverse effects on the continuing normal operation of the Company as judged by the Board of the Company.

- iii. The differentiated cash dividend policy of the Company:

The Board shall distinguish the following circumstances after taking into account various factors including its industry features, development stages, business model and profitability as well as whether it has any substantial capital expenditure arrangement, and stipulate differentiated cash dividend policy in accordance with the procedures set out in the Articles of Association:

- (1) Where the Company is in a developed stage with no substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution when distributing its profits;
- (2) Where the Company is in a developed stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution when distributing its profits;

(3) Where the Company is in a developing stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 20% of the total profit distribution when distributing its profits;

Where it is difficult to identify the development stage of the Company but there is substantial capital expenditure arrangement, dividend distribution may be dealt with in accordance with the preceding provisions.

iv. Conditions under which shares will be issued in lieu of dividends:

Where the Company's business is in a sound condition, that the Board considers that the stock price of the Company does not reflect its share capital size and distributing dividend in shares will be favorable to the Shareholders of the Company as a whole, provided that the above conditions of dividend distribution in cash are fully satisfied, the Company may propose dividend distribution in shares.

(3) Procedures for review of the profit distribution plan of the Company:

i. The profit distribution plan of the Company shall be commented by the general manager of the Company before being submitted to the Board and the supervisory committee of the Company for consideration. The Board shall thoroughly discuss the rationality of the profit distribution plan and form a special resolution before submitting to the Shareholders' general meeting for consideration. In considering the profit distribution plan, the Company shall make Internet voting accessible to the Shareholders.

ii. When determining specific cash dividend distribution proposal of the Company, the Board of Directors shall study and discuss, among others, the timing, conditions as well as the minimum ratio, conditions for adjustments and the requirements of the procedures for decision making in respect of the cash dividend distribution. The independent Directors shall give specific opinion. The independent Directors may seek the opinion of the minority shareholders, devise a dividend distribution proposal accordingly and submit the same directly to the Board for consideration.

iii. Prior to the consideration of the specific cash dividend distribution proposal by the shareholders at the general meeting, the Company shall communicate and exchange ideas through multiple channels with shareholders (in particular minority shareholders), attentively obtain the opinion and requests of the minority shareholders and give timely response to the issues that concern them.

iv. Where the Company has no cash dividends distribution proposal under the special circumstances as stated in sub-paragraph ii of paragraph (2) of this Article, the Board shall explain the specific reasons for not distributing cash dividends, the exact purpose for the retained profit and the estimated investment return, submit the same to the Shareholders' general meeting for consideration after independent Directors have expressed their opinions thereon, and disclose the same in the designated media of the Company.

(4) Adjustments and alteration of the profit distribution policy of the Company:

i. In case of war, natural disasters and other force majeure, or changes to the Company's external operational environment resulting in material impact on its production and operation, or relatively significant changes to the Company's operational position, the Company may adjust its profit distribution policy.

ii. The Board shall conduct specific discussion over adjustment to the Company's profit distribution policy, provide detailed reasons for such adjustment, form a written explanatory report to be considered by independent Directors, and then submit to the Shareholders' general meeting for approval by way of a special resolution. In considering alterations to the profit distribution policy, the Company shall make Internet voting accessible to Shareholders.

Article 221 Where the Company makes payment of cash dividends and other amounts to the holders of domestic shares, the payment shall be made in Renminbi. Where the Company makes payment of cash dividends and other amounts to the shareholders of overseas listed foreign shares, the payment shall be calculated and declared in Renminbi and payable in foreign currency.

Unless otherwise provided by relevant laws or administrative regulations, when the cash dividends and other payments are paid in foreign currency, the exchange rate shall be the average mean price of the relevant currency announced by the People's Bank of China one calendar week before the announcement of payment of dividends and other payments.

Article 222 Subject to Article 63 and Article 139 of the Articles of Association, the board of directors may decide to distribute interim dividends. Unless otherwise provided in the laws, administrative regulations and the Articles of Association, the amount of the interim dividends shall not exceed 50% of the distributable profits as stated in the Company's interim profit statement.

Any amount paid up in advance of calls on any shares may carry interest but the holder of such shares shall not be entitled to participate in respect thereof in a dividend subsequently declared.

Where power is granted to forfeit unclaimed dividends, such power shall only be exercised after six (6) years or more from the date of declaration of the dividends.

Article 223 The reserve funds of the Company shall only be used for offsetting the Company's losses, expanding the Company's production operation or increasing the Company's capital. However, the capital reserve fund shall not be used to offset the losses of the Company.

Article 224 In the event that the Company transfers the reserve funds to its capital upon approval at the shareholders' general meeting, new shares shall be issued in the form of bonus shares to the shareholders in proportion to their shareholdings or the nominal

value of the shares shall be increased. But when the statutory reserve fund is to be transferred for capitalization, the remaining balance of such reserve fund must not be less than 25% of the registered capital before such transfer.

Article 225 Where the Company makes any distribution of dividends to the shareholders, the Company shall, according to the amount of dividends payable, make withholdings payments on behalf of the shareholders of such tax taxable on the dividends payable to shareholders in accordance with the provisions of the PRC taxation law.

Article 226 The Company shall appoint a receiving agent for shareholders of overseas listed foreign shares. The receiving agent shall receive on behalf of such shareholder the dividends distributed to and other amounts payable by the Company in respect of the overseas listed foreign shares.

The receiving agent appointed by the Company shall satisfy requirements provided under the laws or the relevant provisions of the stock exchange at the place where the shares of the Company are listed.

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

Article 227 The Company shall implement its internal audit system with its own audit personnel to audit and supervise the income and expenditure and financial activities of the Company.

Article 228 The internal audit system and the duties of the audit personnel shall be implemented upon approval by the board of directors. The person in charge of audit function shall report to the board of directors.

## **Chapter 17 Appointment of Accountants Firm**

Article 229 The Company shall engage independent accountants firms which satisfy the relevant stipulations of the PRC to audit the annual financial reports and other financial reports of the Company, and to provide services on net asset valuation certification and other relevant consulting services.

The first accountants firm may be appointed in the founders' meeting prior to the first annual general meeting and the accountants firm so appointed shall hold office until the conclusion of the first annual general meeting.

Where the aforesaid power in this Article is not exercised in the founders' meeting, such power shall be exercised by the board of directors.

Article 230 The term of engagement of the accountants firms shall be one (1) year,

beginning from the conclusion of the current shareholders' annual general meeting of the Company until the conclusion of its next annual general meeting. The engagement may be renewed upon expiry.

Article 231 The accountants firm appointed by the Company shall have the following rights:

- (1) to inspect at any time the books and accounts, records and supporting documents of the Company and be entitled to request the directors, manager and other senior management of the Company to provide relevant information and explanations thereof;
- (2) to request the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of the duties of such accountants firm;
- (3) to attend any shareholders' general meeting and to receive all notices of and other communications relating to any shareholders' general meeting which any shareholder is entitled to receive, and to be heard at any shareholders' general meeting on any matter which concerns it as accountants firm of the Company.

Article 232 Where the office of the accountants firm is vacated, the board of directors may appoint another accountants firm to fill such vacancy prior to the holding of shareholders' general meeting, but while any such vacancy continues, the other existing appointed accountants firm or accountants firms, if any, may act.

Article 233 Notwithstanding anything in the agreement between the accountants firm and the Company, the shareholders in shareholders' general meeting may by ordinary resolution remove an accountants firm before the expiration of the term of office of such accountants firm. Where the accountants firm so removed shall be entitled to claim against the Company for damages, if any, in respect of such removal, such entitlement shall not be prejudiced thereby.

Article 234 The remuneration or the determination of the remuneration of the accountants firm shall be fixed by the shareholders in the shareholders' general meeting. In the case of the accountants firm appointed by the board of directors, the remuneration of the accountants firm shall be fixed by the board of directors.

Article 235 The decisions of the Company regarding the engagement, dismissal or non-renewal of an accountants firm shall be made by the shareholders in the shareholders' general meeting. If relevant provisions are contained in applicable laws, regulations and the relevant listing rules, the Company shall, in accordance with such provisions, disclose the relevant resolutions passed by the shareholders' general meeting through media, and if necessary, specify the reasons for the change and file the case with the securities regulatory authorities of the State Council.

Where a resolution is proposed to be passed at the shareholders' general meeting to appoint a firm other than an existing accounting firm to fill any vacancy in the office of the accountants firm, or to reappoint an accountants firm who has been appointed by the board of directors to fill a vacancy or to dismiss an accountants firm before the expiry of its term of office, the following provisions shall apply:

(1) A copy of the proposed resolution in respect of appointment or removal shall be sent before notice of meeting is given to the shareholders to the accountants firm proposed to be appointed or the accountants firm proposed to leave its post or the accountants firm who has left its post in the relevant financial year. "Leaving" includes leaving by removal, resignation and retirement.

(2) If the accountants firm leaving its post makes representations in writing and requests their notification to the shareholders, the Company shall take the following measures (unless the representations are received too late):

1. in any notice of the resolution given to shareholders, state that representations have been made by the accountants firm;

2. send a copy of the representations as appendix to the notice to every shareholder in accordance with the mode of service prescribed by the Articles of Association.

(3) If the representations of the accountants firm are not sent out in accordance with paragraph (2) of this article, the accountants firm may require that the representations shall be read out at the shareholders' general meeting and may have further rights of redress.

(4) An accountants firm which is leaving its post shall be entitled to attend:

1. the shareholders' general meeting at which its term of office would otherwise have expired;

2. any shareholders' general meeting at which it is proposed to fill the casual vacancy caused by its removal;

3. any shareholders' general meeting convened on its resignation.

The leaving accountants firm is entitled to receive all notices of, and other communications relating to, any such meeting, and to be heard at any such meeting on any matter which concerns it as a former accountants firm of the Company.

Article 236 In the event of any dismissal or non-renewal of an accountants firm by the Company, a notice shall be served to inform the accountants firm 60 days in advance and the accountants firm has the right to express its opinion at the shareholders' general meeting. If an accountants firm tenders its resignation, it shall make statement to the shareholders' general meeting whether there are any improper findings.

An accountants firm may resign its office by depositing a notice in writing to that effect at the Company's registered address. Such notice shall terminate its office on the date on which it is deposited at the Company's seat or such later date as may be specified in the notice. Such notice shall include:

1. a statement to the effect that there is no circumstance connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
2. a statement of any such circumstances as aforesaid.

Where a notice is received by the Company as aforesaid, the Company shall within 14 days send a copy of the notice to the relevant governing authorities. If the notice contains a statement under paragraph 2 of this article, a copy of the notice shall also be made available at the Company for the inspection by the shareholders, and the said copies shall also be sent to every shareholder of overseas listed foreign shares by prepaid mail. The service address shall be the address on the register of shareholders.

Where the notice of resignation of the accountants firm contains a statement regarding any accountable affair, the accountants firm may require the board of directors to convene an extraordinary general meeting for the purpose of hearing an explanation of the circumstances connected with his resignation.

## **Chapter 18 Insurance**

Article 237 The Company shall effect insurance with the People's Insurance Company of China or other insurance companies registered in the PRC and allowed by the laws of the PRC to provide insurance coverage to the PRC companies.

The types of insurance, insured amount, other terms and period of insurance shall be discussed and decided by the board of directors with reference to the practices of companies in the same industry in other countries and the practice and legal requirements in the PRC.

## **Chapter 19 Labour Management**

Article 238 The Company shall formulate its labour management, personnel management, wages and welfare and social insurance systems in accordance with the laws and administrative regulations of the PRC.

Article 239 In respect of all levels of management personnel, the Company shall adopt appointment system and the Company shall adopt contract system in respect of ordinary staff and workers. The Company shall have autonomy in respect of the allocation and the assignment of work of its employees and may exercise its own discretion to recruit and, in accordance with administrative regulations and the terms of contracts, dismiss management personnel, staff and workers.

Article 240 The Company shall have autonomy in determining the levels of wages and welfare benefits for various levels of management personnel and staff and workers with reference to its own cost-effectiveness within the ambit permitted by the relevant administrative regulations.

Article 241 The Company shall arrange for medical insurance, retirement insurance and unemployment insurance for its management personnel and staff and workers in accordance with the relevant administrative regulations of the PRC government and of local government and shall implement the laws, administrative regulations and relevant requirements in respect of labour insurance and labour protection for retired and unemployed staff and workers.

## **Chapter 20 Trade Union Organization**

Article 242 The staff and workers of the Company shall have the right to establish a trade union and engage in trade union activities in accordance with the Trade Union Law of the PRC. The activities of the trade union shall be conducted beyond the normal working hours unless otherwise prescribed by the board of directors.

The Company shall allocate 2% of the total amount of wages paid to the staff and workers to the trade union fund every month. Such funds shall be used by the trade union of the Company in accordance with the Measures for the Management of Trade Union Funds formulated by the All China Federation of Trade Unions.

## **Chapter 21 Amalgamation and Demerger**

Article 243 The board of directors of the Company shall put forward proposals for amalgamation or demerger which shall be submitted to relevant approving authorities for approval in accordance with the laws after the same have been approved according to the procedures provided in the Articles of Association of the Company. Shareholders who oppose the proposals for amalgamation or demerger shall have the right to request the shareholders who are in favour of amalgamation or demerger to purchase their shares at a fair price.

Special documentation of the resolutions of amalgamation or demerger of the Company shall be prepared for the inspection by the shareholders and shall be sent to the shareholders of overseas listed foreign shares by post.



Article 244 The amalgamation of the Company may take the form of either amalgamation by absorbing another company or amalgamation by establishing a new company.

In case of a consolidation of the Company, various parties involved shall sign the consolidation agreement and prepare the balance sheet and the property list. The Company shall, within 10 days upon passing the resolution for the consolidation, notify the creditors and publish an announcement in newspapers within 30 days.

Upon amalgamation, all claims and liabilities of the parties to the amalgamation shall be taken over by the company which exists after the amalgamation or by the newly established company.

Article 245 In case of a demerger of the Company, its assets shall be divided correspondingly.

In case of a demerger by the Company, various parties involved shall sign the demerger agreement and prepare the balance sheet and the property list. The Company shall, within 10 days upon passing the resolution for the demerger, notify the creditors and publish an announcement in newspapers within 30 days.

Saved as provided under the specific written agreements regarding debt settlements arrangements made before the demerger, the debts of the Company before the demerger shall be borne by the companies existing after the demerger jointly and severally.

Article 246 Changes in registration items arising from amalgamation or demerger shall be registered with companies registration authority in accordance with the laws; in the case of dissolution, the dissolution shall be registered according to the laws; where new companies are established, the establishment shall be registered according to the laws.

## **Chapter 22 Dissolution and Liquidation**

Article 247 The Company shall be dissolved and liquidated upon the occurrence of any the following events:

- (1) where the shareholders' general meeting resolves to dissolve the Company;
- (2) where dissolution of the Company is necessary for amalgamation or demerger;
- (3) where the Company is adjudged insolvent in accordance with the applicable laws as a result of its inability to pay its debts when they become due;
- (4) The business registration is terminated, the business is forced to close or terminated;
- (5) In the event that there are serious difficulties with the operation and management of the Company and the continuing operation of the Company may seriously damage the

interests of the shareholders, and where no further solution is available, shareholders holding 10% of the total voting rights held by all shareholders of the Company may file a dissolution request with the People's Court for an order of dissolution.

Article 248 In the event that the Company is dissolved pursuant to the above Subsections (1), (3), (4) and (5), it shall within 15 days thereof establish a liquidation committee whose members shall be elected by the shareholders at the shareholders' general meeting by means of an ordinary resolution. If the liquidation committee is not established within the aforesaid period, creditors may petition to the People's Court for appointing relevant persons to form a liquidation committee so as to proceed with the liquidation.

Article 249 Where the board of directors decides to liquidate the Company (except for the liquidation as a result of the insolvency of the Company), it shall specify in the notice convening the shareholders' general meeting for such purpose that the board of directors has made a full inquiry into the affairs of the Company and is of the opinion that the Company will be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.

Upon the passing of the resolution for liquidation by shareholders in general meeting, the duties and powers of the board of directors shall cease forthwith.

The liquidation committee shall comply with the instructions of the shareholders' general meeting and shall report to it at least once every year the receipts and payments of the liquidation committee, the business and the progress of liquidation of the Company. Upon the completion of liquidation it shall also give a final report to the shareholders' general meeting.

Article 250 The liquidation committee shall notify the creditors within 10 days following its establishment and shall make public announcements in newspapers within 60 days. The liquidation committee shall carry out registration for creditors. During the period for registration of the Company's creditors, the liquidation committee shall not make repayment to the creditors.

Article 251 The liquidation committee shall during the period for liquidation perform the following duties:

- (1) to dispose of the Company's assets, to prepare balance sheets and an inventory of assets;
- (2) to give notices or make public announcements to the creditors;
- (3) to deal with the unfinished business of the Company in relation to the liquidation;
- (4) to settle all tax in arrear;

- (5) to repay all the claims and debts;
- (6) to deal with the remaining assets of the Company after the repayment of debts;
- (7) to represent the Company in civil proceedings.

Article 252 After completion of the disposal of the assets of the Company and the preparation of the balance sheets and an inventory of assets, the liquidation committee shall prepare a liquidation proposal and submit the same to the shareholders' general meeting or relevant governing authorities for their approval.

Upon the preferential payment of liquidation expenses, the assets of the Company shall be used for repayment based on the following priorities (and in that order): (1) wages for employee of the Company; (2) social insurance and statutory compensations; (3) tax payable; (4) bank loans, corporate bonds and other debts of the Company.

Any assets remaining after repayment of debts in accordance with the provisions above shall be distributed to holders of ordinary shares in proportion to the number of ordinary shares held by them.

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

Article 253 If the Company is to be dissolved by liquidation, the liquidation committee discovers that after the disposal of the assets of the Company and preparation of the balance sheets and inventory of the assets, that the assets of the Company are insufficient to repay its debts in full, it shall forthwith apply to the People's Court for a declaration of insolvency.

Upon declaration of insolvency of the Company by the People's Court, the liquidation committee shall hand over liquidation affairs of the Company to the People's Court.

Article 254 Following the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report and statement of receipts and expenditures and various financial records for the period of liquidation which shall, upon being audited by an accountant registered in the PRC, be submitted to the shareholders' general meeting or relevant governing authority for their approval.

The liquidation committee shall, within 30 days upon the approval at the shareholders' general meeting or the relevant governing authority, submit the said documents to the company registration department, and apply for the cancellation of business registration of the Company and to make public announcement in respect of the termination of the Company.

## **Chapter 23 Procedures for Amendments to the Articles of Association**

Article 255 The Company may amend the Articles of Association pursuant to the laws, administrative regulations and the provisions of the Articles of Association.

Article 256 The Article of Association may be amended in accordance with the following procedures:

- (1) The board of directors, through passing a resolution in accordance with the requirements of the Articles, may draft the amended versions of the Articles or an amendment to the Articles may be proposed by the shareholders;
- (2) the shareholders shall be notified of the proposals for the amendments and a shareholders' general meeting shall be convened to vote on the amendments;
- (3) the amendments put to the vote at a shareholders' general meeting shall be passed by way of a special resolution.

Article 257 The Company shall make amendments to the Articles on the occurrence of any of the following events:

- (1) The Company Law or the relevant laws or administrative regulations are amended and the Articles are contradictory to the provisions under the amended laws or administrative regulations;
- (2) Any change of the Company's conditions creating inconsistency with what is stated in the Articles;
- (3) The shareholders' general meeting has decided to make amendments to the Articles.

Article 258 Should the amendments to the Articles involve anything set out in the "Mandatory Provisions", the Amendments shall be effective upon the approval of the corporate reviewing departments authorized by the State Council.

Article 259 Should the amendments to the Articles involve company registration items, a registration of the changes shall be made in accordance with the laws. In the event that the amendments to the Articles concern disclosable information as required by the laws and the regulations, public announcement shall be made as required.

## **Chapter 24 Notices**

Article 260 Notices given by the Company shall be served in the following manner:

- (1) by hand;
- (2) by mail;

(3) via public announcements; or

(4) by such other means as stipulated under the Articles.

When a notice despatched by the Company is made by way of an announcement, the notice is deemed as being received by all relevant parties upon such announcement.

Article 261 Unless otherwise provided in the Articles of Association, notices, information or written statements to be given to the holders of overseas listed foreign shares must be served on each of them at his registered address by hand or by prepaid mail.

Article 262 For a notice of the Company delivered by hand, the addressee shall sign (or stamp) on the receipt of the delivery, and the date of acknowledgement of receipt signed by the addressee shall be deemed as the date of delivery.

For a notice of the Company made via public announcements, the date when the announcement is published for the first time shall be deemed as the date of delivery.

Article 263 Where a notice is sent by post, service of the notice shall be effected by properly addressing, prepaying, putting the notice into an envelope and posting an envelope containing the notice and it shall be deemed to have been delivered at the expiration of 48 hours after the envelope containing the same is posted.

Article 264 In the event of an omission of giving a meeting notice to, or failing to receive the notice by, any persons entitled to receive the notice, this shall not invalidate the meeting or the resolutions adopted at the meeting.

Article 265 “China Securities Journal”, “Shanghai Securities News” and “Securities Daily” are the designated media for the publication of announcements and other discloseable information of the Company.

## **Chapter 25 Settlement of Disputes**

Article 266 The Company shall comply with the following rules for settlements of disputes:

(1) Whenever any disputes or claims arising from the Articles of Association, or any rights or obligations conferred or imposed by the Company Law and other relevant laws or administrative regulations concerning the affairs of the Company between the shareholders of overseas listed foreign shares and the Company, between the shareholders of overseas listed foreign shares and any director, supervisor, manager or other senior management of the Company or between the shareholders of overseas listed foreign shares and shareholders of domestic shares, the parties involved shall refer such kind of disputes or claims for settlement by arbitration.

In referring the said disputes or claims to arbitration, the entire claims and disputes shall be referred; and all the persons having the same cause of action or all the parties whose

participation is necessary for the settlement of the disputes or the claims, including the Company, shareholders, supervisors, manager or other senior management of the Company, shall submit to arbitration.

As to the disputes on the definition of a shareholder or register of the shareholders, it may be settled by methods other than arbitration.

(2) At the election of the claimant, the disputes or claims shall be referred to arbitration at either China International Economic and Trade Arbitration Committee in accordance with its arbitration rules, or Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a disputes or claims to arbitration, the other party must submit to the arbitration body elected by the claimant.

If the claimant elects to proceed with the arbitration at Hong Kong International Arbitration Centre, either party may request to proceed with the arbitration in Shenzhen in accordance with the provisions of the securities arbitration rules of Hong Kong International Arbitration Centre.

(3) The laws of the People's Republic of China shall be applicable to the settlement of disputes and claims by way of arbitration mentioned in paragraph (1) unless the laws and administrative regulations provide otherwise.

(4) The decision of the arbitration body is final and conclusive and is binding on all parties.

## **Chapter 26 Bye-laws**

Article 267 Any matter not provided in the Articles of Association shall be resolved by the resolution proposed by the board of directors and approved at the shareholders' general meeting.

Article 268 The Articles of Association are written in Chinese.

Article 269 The Articles of Association shall be construed by the board of directors and the amendments thereto shall be made by the shareholders' general meeting.

Article 270 In the Articles of Association, the terms "accountants firm" shall have the same meaning as "auditors" and the terms "manager" and "deputy manager" refer to the "general manager" and "deputy general manager" of the Company respectively. The term "listing rules" refer to the currently applicable listing rules and trading rules of the stock exchanges where the Company stocks are listed.

Article 271 The appendices of the Articles include the Rules and Procedures of the Shareholders' General Meeting, the Rules and Procedures of the Board of Directors and the Rules and Procedures of the Supervisory Committee.