

# **CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.**

## **ARTICLES OF ASSOCIATION**

**(To be considered and passed at the General Meeting on January 15, 2019)**

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## Chapter 1 General Provisions

Article 1 These Articles of Association are formulated in accordance with the Company Law of the People's Republic of China ("PRC") (hereinafter referred to as the "Company Law"), the Securities Law of the PRC (hereinafter referred to as the "Securities Law"), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as the "Special Regulations"), the Mandatory Provisions for Articles of Association of Companies Listed Overseas (hereinafter referred to as the "Mandatory Provisions") and other relevant requirements with an aim to safeguard the legal interests of the Company, its shareholders and creditors and regulate the organization and conduct of the Company.

Article 2 The Company is a joint stock limited company incorporated in accordance with the Company Law and other applicable laws and administrative rules of the PRC (hereinafter referred to as the "Company").

The Company underwent a reorganization on 1 December 1992 after obtaining approval (by document Shen Fu Ban Fu [1992] No.1736) from the General Office of Shenzhen Municipal People's Government, thereby the Company was transformed into a joint-stock company with limited liability and its shares were issued to China Ocean Shipping (Group) Company, China Merchants Group Limited and The East Asiatic Company Ltd. (all being promoters) by way of private placement. The Company applied for change of registration with the Shenzhen Administration for Industry and Commerce and obtained relevant business license. Currently, the number of the business license granted to the Company is: Qi Gu Yue Shen Zong Zi No. 101157.

The following table sets forth the name, number of shares held and percentage of shareholdings by the promoter-shareholders of the Company as at the date of its establishment:

Name of shareholder	Number of shares held (ten thousand shares)	Percentage of shareholdings (%)
China Ocean Shipping (Group) Company	2,620.8	40.95%
China Merchants Group Limited	2,620.8	40.95%
The East Asiatic Company Ltd.	582.4	9.1%

Article 3 On 17 January 1994, as approved by the Securities Administration Office of Shenzhen, the Company made an initial public offering of 25,000,000 RMB-denominated ordinary shares, of which 12,000,000 domestic shares were offered to domestic investors for subscription in RMB and listed on Shenzhen Stock Exchange on 8 April 1994, and the remaining 13,000,000 domestic-listed foreign-invested shares were offered to foreign investors for subscription in foreign currencies and listed on Shenzhen Stock Exchange on 23 March 1994.

- Article 4 Registered name of the Company
- Chinese name: 中國國際海運集裝箱（集團）股份有限公司
- English name: China International Marine Containers (Group) Co., Ltd.
- Article 5 Company address: 8th Floor, CIMC R&D Center, No. 2 Gangwan Avenue, Shekou Industrial Zone, Nanshan District, Shenzhen
- Postal Code: 518067.
- Article 6 The registered capital of the Company is RMB2,977,819,686.
- Article 7 The Company is a joint stock limited company with perpetual succession.
- Article 8 Chairman of the Board of Directors is the legal representative of the Company.
- Article 9 All assets of the Company shall be divided into shares of equal value. Shareholders shall be liable to the Company to the extent of the shares they subscribed. The Company shall be liable for its debts to the extent of all its assets.
- Article 10 From the effective date onwards, these Articles of Association shall be a legally binding document governing the Company's organization and conduct, and the rights and obligations between the Company and its Shareholders, and among the Shareholders, and shall be binding on the Company, its Shareholders, Directors, Supervisors, President and other senior management personnel. Shareholders may take legal actions against other Shareholders or the Directors, Supervisors, President and other senior management personnel of the Company; Shareholders may take legal actions against the Company and vice versa, the Company may take legal actions against the Directors, Supervisors, President and other senior management personnel pursuant to these Articles of Association.
- The legal actions as mentioned in the preceding clause include lawsuits lodged with courts or claims referred to arbitration.
- Article 11 Other senior management personnel defined in these Articles of Association refers to the Vice President, Board Secretary and Chief Financial Officer of the Company.

## **Chapter 2 Objectives and Scope of Business**

- Article 12 The Company's objectives of business are: to become a leading supplier that provides world-class modern transportation equipment and relevant services to global clients, to establish a renowned brand name that customers can trust, to maintain value creation and healthy corporate growth, to generate wealth for shareholders and to add value to the society.

Article 13 As legally registered with the Shenzhen Administration for Industry and Commerce, the Company's scope of business includes: container manufacture and repair and related businesses, processing and manufacture of various parts, structural components and relevant equipment by using existing equipment of the Company, as well as provision of the following processing services: cutting, press forming, riveting, surface treatment (including sandblast painting, welding and assembly) and container leasing.

## **Chapter 3 Shares**

### **Section 1 Issuance of shares**

Article 14 The shares of the Company are issued in the form of share certificates. There shall, at all times, be ordinary shares in the Company. The ordinary shares issued by the Company include domestic-invested shares and foreign-invested shares. Subject to the approval from examination and approval departments authorized by the State Council, the Company may create other classes of shares as and when necessary.

Article 15 The issuance of shares by the Company shall adhere to the principles of openness, fairness and justice. Shares of the same class shall rank *pari passu* with each other.

Share certificates of the same class issued at the same time shall have the same terms of issuance and issue price; any entity or person shall pay the same amount for each of the shares they subscribe.

Article 16 Share certificates issued by the Company are denominated in RMB with a par value of RMB1 each.

RMB as mentioned in the preceding clause refers to the lawful currency of the People's Republic of China.

Article 17 Subject to the approval from securities competent authorities under the State Council, the Company may issue shares to both domestic investors and foreign investors.

"Foreign investors" referred to in the preceding clause represent investors domiciled in foreign countries and Hong Kong, Macau and Taiwan who subscribe for the issued shares of the Company; "domestic investors" refer to investors within the territory of the People's Republic of China (other than the foregoing regions) who subscribe for the issued shares of the Company.

Shares issued by the Company to the domestic investors for subscription in RMB shall be referred to as "domestic shares" (A Shares). Shares issued by the Company to foreign investors and domestic natural persons who meet particular conditions for subscription in foreign currencies shall be referred to as "foreign-invested shares". Foreign-invested shares listed domestically shall be referred to as "domestic-listed foreign-invested shares" (B Shares). Foreign-invested shares listed overseas shall be referred to as "overseas-listed foreign-invested shares". Overseas-listed foreign-invested shares of the Company listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") shall be referred to as "H Shares".

Holder of domestic-invested shares and holder of foreign-invested shares are both holders of ordinary shares, and shall enjoy equal rights and assume equal obligations.

“Foreign currencies” referred to in the preceding clause represent legal currencies of other countries and regions (excluding RMB) which are recognized by national foreign exchange authorities and can be used for the payment of monies to the Company.

Article 18 All shares issued by the Company are deposited with Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. H Shares of the Company are mainly deposited with Hong Kong Securities Clearing Company Limited.

Article 19 A total of 64,000,000 ordinary shares were approved to be issued at the Company’s inception. These shares were held by China Ocean Shipping (Group) Company, China Merchants Group Limited and The East Asiatic Company Ltd. (all being promoters) as to 26,208,000 shares, 26,208,000 shares and 5,824,000 shares respectively, representing 40.95%, 40.95% and 9.1% of the then total number of shares of the Company respectively.

Article 20 After the inception of the Company, a total of 2,598,396,051 ordinary shares have been issued, including 1,167,915,542 domestic-listed domestic-invested shares and 1,430,480,509 domestic-listed foreign-invested shares.

As approved by a special resolution passed at the shareholders’ general meeting and authorized by securities regulatory bodies under the State Council, the Company’s domestic-listed foreign-invested shares were migrated to and listed on The Stock Exchange of Hong Kong Limited by way of introduction and traded as overseas-listed foreign-invested shares.

Following the aforesaid domestic-listed foreign-invested shares migrated to and listed on The Stock Exchange of Hong Kong Limited by way of introduction and traded as overseas-listed foreign-invested shares, the Company’s share capital consists of 2,662,396,051 ordinary shares, among which 1,430,480,509 shares are held by holders of overseas-listed foreign-invested shares (H Shares) and 1,231,915,542 shares are held by holders of domestic-listed domestic-invested shares, representing 53.73% and 46.25% of the total number of issued ordinary shares of the Company respectively.

Under the current shareholding structure of the Company, there are 2,977,819,686 ordinary shares, including 1,261,243,077 domestic-listed domestic-invested shares and 1,716,576,609 overseas-listed foreign-invested shares (H Shares), representing 42.35% and 57.65% of the total number of issued ordinary shares of the Company respectively.

Article 21 The Board of Directors of the Company may arrange separate implementations of the plans for the issuance of overseas-listed foreign-invested shares and domestic-invested shares approved by securities authorities of the State Council.

Pursuant to provisions set out in the preceding clause, the Company may conduct issuances of overseas-listed foreign-invested shares and domestic-invested shares within fifteen months upon obtaining the approval from the State Council Securities Commission, and issuances of domestic-listed domestic-invested shares within six months upon obtaining the approval from securities regulatory bodies of the State Council.

Article 22 When conducting separate issuance of up to the total number of shares determined according to the issuance plans, the overseas-listed foreign-invested shares and domestic-listed shares shall be fully subscribed for at their respective offering. If the shares cannot be fully subscribed for all at once due to special circumstances, the shares may, subject to the approval from the State Council Securities Commission, be issued in separate tranches.

Article 23 The Company or its subsidiaries (including associated entities of the Company) shall not, by way of a gift, advance, guarantee, compensation, loans or otherwise, provide any financial assistance to a person who purchases or intends to purchase its own shares.

## **Section 2 Change in Capital and Repurchase of Shares**

Article 24 The Company may increase its capital in line with the needs for operations and development according to laws, administrative regulations and these Articles of Association after respective resolutions are passed at a shareholders' general meeting and procedures required by national laws and administrative regulations are completed by the following methods:

- (1) public offering of shares;
- (2) non-public offering of shares;
- (3) distribution of bonus shares to existing shareholders;
- (4) increase in capital by transfers from reserves;
- (5) other methods approved by laws, administrative regulations and China Securities Regulatory Commission (hereinafter referred to as the "CSRC").

Article 25 Unless otherwise required by laws and administrative regulations, the shares of the Company may be freely transferred free from any lien.

Article 26 Pursuant to the Company Law and other relevant requirements as well as provisions of these Articles of Association, the Company may reduce its registered capital.

Any reduction of the Company's registered capital shall be conducted in accordance with the procedures stipulated in the Company Law and other relevant provisions as well as provisions of these Articles of Association.

When the registered capital of the Company is reduced, a balance sheet and a list of assets shall be prepared.

The Company shall notify its creditors within ten days from the date of passing the resolution for reduction of registered capital and shall publish announcements in one or more newspaper(s) designated by the securities regulatory bodies under the State Council for at least three times within 30 days. A creditor shall have the right within thirty days from the receipt of a written notice or, for those who have not received a written notice, within ninety days from the date of the announcement, to require the Company to repay its debts or to provide a corresponding debt repayment guarantee.

The registered capital of the Company after the reduction of capital shall be no less than the statutory minimum limit.

Article 27 The Company may repurchase its shares in accordance with laws, administrative regulations, departmental rules and provisions hereof after seeking approval pursuant to the procedures set out in these Articles of Associations and reporting such repurchase to the competent authorities of the State under the following circumstances:

- (1) it reduces its registered capital;
- (2) it merges with another company that holds shares of the Company;
- (3) utilising its shares in the employee share ownership scheme or for share incentive;
- (4) shareholders require the Company to purchase their shares because of their objection to the resolution made at a shareholders' general meeting on the merger or division of the Company;
- (5)

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Article 28 The Company may repurchase shares after obtaining approval from the relevant competent authorities of the State by any one of the following methods:

- (1) the Company makes a repurchase offer to all shareholders in the same proportion;
- (2) the Company repurchases shares through open trading on a stock exchange;
- (3) the Company repurchases shares by an over-the-counter agreement;
- (4) other methods approved by the securities regulatory bodies under the State Council.

If the Company acquires its own shares under provisions set out in Clauses (3), (5) and (6) of Article 27 herein, the transaction shall be carried out in an open and centralized manner.

Article 29 The Company shall obtain prior approval at a shareholders' general meeting in accordance herewith if it repurchases shares through over-the-counter agreement. If the prior approval is granted by the shareholders' general meeting in the same way, the Company may terminate or alter the contract concluded in the way referred to above or waive any of its rights therein.

For the purposes of the preceding clause, the term "contract for the repurchase of shares" shall include (but not limited to) an agreement to undertake the obligations for the repurchase of shares and obtain the rights to repurchase shares.

No contracts for the repurchase of the shares of the Company or any rights thereunder shall be assigned by the Company.

For the redeemable shares which the Company has the rights to repurchase, the repurchase price shall be limited to a maximum price if the repurchase is not carried out in the market or by tender; invitations of tender shall be made to all shareholders under the same conditions if a repurchase is carried by tender.

Article 30 The shares so repurchased shall be cancelled or transferred within a period stipulated by relevant laws and administrative regulations. If shares were cancelled, the Company shall notify the original registration authority and apply to change its registered capital.

The shares repurchased under provisions set out in Clause (1) of Article 27 shall be cancelled within ten days from the date of repurchase; those repurchased under provisions set out in Clauses (2) and (4) shall be transferred or cancelled within six months; those repurchased under provisions set out in Clauses (3), (5) and (6), the total shares of the Company held by the Company itself shall not exceed 10% of its total shares in issue and shall be transferred or cancelled within 3 years.

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

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

Article 31 Except where the Company is in the course of liquidation, it shall comply with the following provisions when repurchasing its own issued shares:

- (1) in case the shares are repurchased by the Company at the price of their par value, the amount paid for such repurchase shall be deducted from the book balance of the distributable profits of the Company and from the proceeds from the issuance of new shares as a result of the repurchase of existing shares;
- (2) in case the shares are repurchased by the Company at a price higher than the par value, the portion equivalent to the par value shall be deducted from the book balance of the distributable profits of the Company and from the proceeds from the issuance of new shares as a result of the repurchase of existing shares; the portion above the par value shall be handled in accordance with the following methods:
  1. in case the repurchased shares are issued at the price of their par value, such portion shall be deducted from the book balance of the distributable profits of the Company;
  2. in case the repurchased shares are issued at a price higher than the price of their par value, such portion shall be deducted from the book balance of the distributable profits of the Company and from the proceeds from the issuance of new shares as a result of the repurchase of existing shares; however, the amount deducted from the issuance of new shares shall not exceed total the premium income from the previous issuance of the existing shares so repurchased, and shall not exceed the amount in the premium account (or capital reserve account) of the Company (including the premium amount of the issuance of new shares) during the repurchase.
- (3) the Company shall pay out of its distributable profits for the following purposes:
  1. the acquisition of its repurchase rights to repurchase its shares;
  2. the alteration of a contract to repurchase its shares;
  3. the discharge of its obligations in a repurchase contract.
- (4) after the total par value of the cancelled shares is deducted from the Company's registered capital in accordance with the relevant regulations, the amount deducted from the distributable profits and used for repurchasing the par value of the shares shall be included in the Company's premium account (or capital reserve account).

### **Section 3 Transfer of Shares**

Article 32 Unless otherwise required by laws, administrative regulations and the securities regulatory bodies in the jurisdictions where the shares of the Company are listed, the shares of the Company may be lawfully transferred free from any lien.

Article 33 The Company shall not accept the shares of the Company as the subject of pledges.

Article 34 The Director, Supervisor, President and other senior management personnel of the Company shall notify the Company of his/her shareholding in the Company and the movements of these shares, and each year during their term of office shall not transfer more than 25% of such shares. These shares shall not be transferred within one year from the date the Company's shares are listed. The aforesaid persons are forbidden to transfer his/her shareholding in the Company within six months after termination of employment, save for as demanded by a court order.

Shareholders shall promptly notify the Company of their interests in the Company, but the Company shall not exercise its power to freeze or otherwise prejudice the rights in shares they hold merely on the ground that any person who directly or indirectly holds interests has not disclosed the same to the Company.

Article 35 When the Directors, Supervisors, President and other senior management personnel of the Company or shareholders holding more than 5% of the shares of the Company sell their shares within six months from the acquisition of such shares, or purchase shares within six months from the disposal of such shares, the Board of Directors of the Company shall repatriate any profits derived from such dealings and the profits derived shall be vested in the Company. However, securities companies holding over 5% of the shares of the Company as a result of taking up unacquired shares as underwriters are not subject to the six-month restriction when selling shares.

Shareholders may require the Board of Directors to comply with the requirement set out in the preceding clause within 30 days if the Board of Directors fails to do so. In the event that the Board of Directors fails to rectify the situation within the said timeline, shareholders may file a legal action to the court in their own name for safeguarding the interests of the Company.

If the Board of Directors of the Company fails to comply with the first clause, relevant responsible Directors shall bear joint liability.

### **Section 4 Financial Assistance for Purchase of Shares of the Company**

Article 37 The term “financial assistance” mentioned in this section shall include, but not limited to, the following methods:

- (1) presentation of a gift;
- (2) guarantee (including the undertaking of liability or the provision of property by a guarantor to ensure that an obligor fulfils his/her obligations), compensation (but not including any compensation caused by the fault of the Company) and discharge or waiver of rights;
- (3) provision of a loan or conclusion of a contract under which the Company has priority over other parties in fulfilling its obligations, as well as changes in the loan or the parties to the contract, and transfer of the loan or the rights in such contract;
- (4) financial assistance provided by the Company in any other ways when the Company becomes insolvent or does not have any net assets, or there are scenarios leading to a substantial reduction of net assets.

For the purposes hereof, the term “undertaking of obligations” shall include the obligations undertaken by an obligor whose financial status is changed as a result of concluding a contract or making an arrangement (whether or not such contract or arrangement is enforceable or is undertaken by the obligor or jointly with any other persons), or otherwise.

Article 38 The following acts shall not be deemed as acts banned under Article 36 hereof:

- (1) the financial assistance is provided by the Company in good faith in the interests of the Company, and not for the purpose of purchasing the shares of the Company, or the financial assistance forms a supplementary part of a certain master project of the Company;
- (2) the Company lawfully distributes its property as dividends;
- (3) the dividends are distributed in the form of shares;
- (4) the registered capital is reduced, shares are repurchased, shareholding structure is adjusted according hereto;
- (5) the Company provides a loan within its scope of business for its normal business activities (but this should not lead to a decrease in the Company’s net assets, or even a decrease was caused, such financial assistance is made available from the Company’s distributable profits);
- (6) the Company provides funds for the employee share ownership scheme (but this should not lead to a decrease in the Company’s net assets, or even a decrease was resulted in, such financial assistance is made available from the Company’s distributable profits).

## **Chapter 4 Share Certificates and Register of Members**

Article 39 Share certificates of the Company shall be in registered form.

In addition to providing information required by the Company Law, share certificates of the Company shall also contain any other data specified by the stock exchanges where the shares of the Company are listed.

Article 40 Share certificates shall be signed by the legal representative. In the event that the stock exchanges on which the shares of the Company are listed require the signatures of other senior management personnel of the Company, the share certificates shall be signed by such other relevant senior management personnel. Share certificates shall take effect after being affixed or printed with the Company seal. The affixture of the Company seal shall be authorized by the Board of Directors. The signatures of the legal representative or other senior management personnel of the Company on the share certificates may take the printed form.

Article 41 The Company shall create a register of members based on the evidence provided by a securities registry to record the following particulars:

- (1) the name, address (residence), occupation or type of each shareholder;
- (2) the 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 numbers of the shares held by each shareholder;
- (5) the date of registering as a shareholder by each shareholder;
- (6) the date of terminating as a shareholder by each shareholder;
- (7) the restrictions such as pledge, freezing and other prohibition imposed on shares held by shareholders.

The register of members shall be sufficient evidence substantiating that the shareholders hold the shares of the Company, unless there is evidence to the contrary.

Article 42 The Company may, in accordance with the understanding or agreement reached between the securities regulatory bodies under the State Council and the local securities regulatory bodies at the place of overseas listing, keep the original register of holders of overseas-listed foreign-invested shares at the location where such shares were listed, and may appoint a local foreign agency at the place of overseas listing to manage it. The original register of holders of Hong Kong-listed foreign-invested shares shall be kept in Hong Kong. A copy of the register of holders of overseas-listed foreign-invested shares shall be made available at the Company's domicile; the appointed local foreign agency at the place of overseas listing shall at any time ensure the original and the copy of the register of holders of overseas-listed foreign-invested shares are consistent.

In the event that the records in the original and the copy of the register of holders of overseas-listed foreign-invested shares are inconsistent, the original shall prevail.

Article 43 The Company shall maintain a complete register of members.

A register of members shall include the following parts:

- (1) a register of members, other than those prescribed in (2) and (3), kept at the Company's domicile;
- (2) the Company's register of holders of overseas-listed foreign-invested shares kept at the location of the stock exchange on which such shares are listed;
- (3) a register of members, which the Board of Directors has decided that it shall be kept in other places for the needs of the listing of the shares of the Company.

Article 44 Each section of the register of members shall not overlap each other. In the event that the shares registered in a section of the register of members are transferred, they may not be registered to other sections of the register of members during the period of the registration.

All overseas-listed foreign-invested shares listed in Hong Kong, if they are fully paid-up, may be freely transferred pursuant to these Articles of Association. However, unless such transfer complies with the following requirements, the Board of Directors may refuse to recognize any instrument of transfer without providing any reason:

- (1) the instrument of transfer and other documents, which are related to and may affect the ownership of any registered securities, shall be registered, and a fee of HK\$2.50 or such higher amount as agreed by the Hong Kong Stock Exchange shall be paid to the Company for the registration of any instrument of transfer or other documents relating to or affecting the ownership of the shares;
- (2) the instrument of transfer is only related to Hong Kong-listed foreign-invested shares;
- (3) a payable stamp duty has been paid for the transfer instrument;
- (4) the related share certificates and other evidence, as reasonably requested by the Board of Directors, on the shares which the transferor has the right to transfer have been submitted;
- (5) the number of joint holders shall not exceed four in case shares are transferred to joint holders; and
- (6) the shares are free from any lien of the Company.

Alteration or rectification of any part of the register of members shall be made in accordance with the laws of the jurisdiction where that part of the register of members is maintained.

Article 45 No changes shall be made in the registration in the register of members as a result of the transfer of shares within thirty days prior to a shareholders' general meeting or within five days prior to the base date on which the Company decides to distribute dividends.

Article 46 When the Company needs to confirm shareholding for holding a shareholders' general meeting, distributing dividends, conducting liquidation and engaging in other acts, the Board of Directors or the convenor of the shareholders' general meeting shall determine the record date. Shareholders registered in the register after close of market on the record date shall be those shareholders entitled to the relevant rights and interests of shareholders of the Company.

Article 47 In the event that any person has an objection to the register of members and asks for registering his/her name in or removing his/her name from, the register of members, he/she may apply to a court of competent jurisdiction for correcting the register of members.

In the event that the Company refuses to register the transfer of shares, the Company shall give a notice regarding the refusal of share transfer to the transferor and transferee within two months from the date the application regarding the transfer of shares is received.

Article 48 For any shareholder who is registered in the register of members or any person who asks for registering his/her name in the register of members, if his/her share certificates (i.e. "original share certificates") are lost, he/she may apply to the Company for issuing duplicate share certificates in respect of those shares (the "underlying shares").

Application by a holder of domestic-invested shares for issuance of a duplicate share certificate due to loss of the same shall be dealt with pursuant to Article 144 of the Company Law.

In the event that a holder of overseas-listed foreign-invested shares has lost his/her share certificates and applies for issuing duplicate share certificates, he/she shall handle the matter in accordance with the laws of the place where the original register of holders of overseas-listed foreign-invested shares is maintained, the rules of the stock exchange or other relevant stipulations.

Application for replacement of lost share certificates made by a holder of overseas-listed foreign-invested shares of a Hong Kong-listed company shall be subject to the following requirements:

(1)

- (2) before the Company decides to issue duplicate share certificates, it has not received any statement from any persons other than the applicant requesting for registering as shareholders of those shares.
- (3) after the Company decides to issue duplicate share certificates to the applicant, it shall publish an announcement in the newspapers designated by the Board of Directors on its preparations to issue duplicate share certificates for a period of ninety days. The announcement shall be republished at least once every 30 days. The newspapers designated by the Board of Directors shall be Chinese and English language newspapers (at least one of each of them) published in Hong Kong.
- (4) before the Company publishes an announcement on its preparations to issue duplicate share certificates, it shall submit a copy of the announcement to the stock exchange on which it is listed, and may immediately publish it after receiving a reply from the stock exchange confirming that the announcement has been posted on the stock exchange. The announcement shall be posted on the stock exchange for a period of ninety days.

In the event that an application for the issuance of duplicate share certificates is not approved by the shareholder of the underlying shares recorded in the register, the Company shall mail a copy of the announcement to be published to the shareholder.

- (5) upon expiry of the period of ninety days for the publication of the announcement prescribed in (3) and (4) hereof, the Company may issue duplicate share certificates based on the application made by the applicant in the event that it has not received any objection from any person to the issuance of duplicate share certificates.
- (6) when the Company issues duplicate share certificates hereunder, it shall immediately cancel the original share certificates, and have the cancellation and replacement recorded in the register of members.
- (7) all expenses of the Company incurred from the cancellation of the original share certificates and issuance of duplicate share certificates shall be borne by the applicant. The Company has the right to refuse to take any action unless the applicant provides reasonable security.

Article 49 After the Company issues duplicate share certificates in accordance with the requirements hereof, the name of the bona fide purchaser who has obtained such duplicate share certificates or the shareholder subsequently registered as the owner of such duplicate share certificates (in the case of bona fide purchaser) may not be removed from the register of members.

Article 50 The Company shall not be under any obligations to compensate any person who incurs damages as a result of the cancellation of the original share certificates or the issuance of the duplicate share certificates, unless the person can prove that the Company has fraudulent conduct.

The joint holders of any shares shall jointly or severally assume the liability to pay for all amounts payable for the relevant shares. In the event that one of the joint holders has passed away, only the surviving joint shareholder(s) shall be deemed by the Company to have the ownership of the underlying shares. However, the Board of Directors has the right to require such surviving persons to provide a death certificate as deemed appropriate by the Board of Directors for the purpose of amending the register of members; in respect of the joint holders of any shares, only the joint holder who stands first on the register of members has the right to take over the share certificates of the underlying shares from the Company, receive notices from the Company, attend shareholders' general meetings of the Company and exercise the voting rights. Any notices served to the aforesaid person shall be deemed to have been served to all joint holders of the underlying shares.

## **Chapter 5 Shareholder and Shareholders' General Meeting**

### **Section 1 Shareholder**

Article 51 A shareholder of the Company is a person who lawfully holds shares in the Company and whose name is recorded in the register of members.

A shareholder shall enjoy rights and assume obligations according to the class of shares held by him/her; shareholders who hold existing shares of the same class shall enjoy the equal rights and assume the equal obligations.

In the event that any shareholder is a legal person, its legal representative or proxy thereof or (in the event that the shareholder is a Recognised Clearing House (or other person appointed by it)) the representative or principal of the Recognised Clearing House shall exercise its rights on its behalf.

The Company shall not exercise any of its power to freeze or otherwise prejudice any of the rights attached to any of Company's shares only by reason that such person or persons who are interested directly or indirectly therein have failed to disclose his/her interests to the Company.

Article 52 When the Company needs to confirm the identity of shareholders for holding a shareholders' general meeting, distributing dividends, conducting liquidation and engaging in other acts, the Board of Directors or the convenor of the shareholders' general meeting shall determine the record date. Shareholders registered in the register of members after close of market on the record date shall be those shareholders entitled to the relevant rights and interests of shareholders of the Company.

Article 53 A shareholder of the Company shall be entitled to the following rights:

- (1) receive dividends and benefit distributions in other forms according to the portion of shares he/she holds;
- (2) make a request to, convene, preside over and attend or appoint a proxy to attend a shareholders' general meeting, and exercise the corresponding voting rights in accordance with the law;
- (3) carry out supervision of the Company's operations, and make recommendations or raise questions;
- (4) transfer, grant or pledge the shares he/she holds in accordance with the laws, administrative regulations and the provisions hereof;
- (5) access relevant information in accordance with the provisions hereof, including:
  1. obtaining these Articles of Association upon payment of cost expenses;
  2. upon payment of a reasonable fee, having the right to gain access to and make copies of:
    - (1) all parts of the register of members;
    - (2) the personal information of the Directors, Supervisors, President and other senior management personnel of the Company, including:
      - (a) current and former name and alias;
      - (b) principal address (place of residence);
      - (c) nationality;
      - (d) full-time jobs and all other part-time jobs and positions;
      - (e) identification documents and the numbers thereof.
    - (3) details of the issued share capital of the Company;
    - (4) the latest audited financial statements and the reports of the Directors, auditors and Supervisors of the Company;
    - (5) special resolutions of the Company;

- (6) reports showing the number and par value of securities repurchased by the Company since last fiscal year, the aggregate amount paid for such repurchase(s) and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown of domestic-invested shares and foreign-invested shares and H Shares, if appropriate);
- (7) a copy of the latest annual return filed with the State Administration of Industry and Commerce or other competent authorities of the PRC;
- (8) minutes of shareholders' general meetings (for inspection by shareholders only);
- (9) the counterfoils of corporate bonds, resolutions of the Board of Directors, resolutions of the Supervisory Committee as well as financial and accounting reports;

The Company shall make the above documents and any other applicable documents available at the Company's place of business in Hong Kong pursuant to the requirements of the Listing Rules of Hong Kong for inspection by the public and shareholders.

- (6) participation in the distribution of surplus property of the Company according to the portion of shares he/she holds at the time when the Company ceases operation or goes into liquidation;
- (7) those shareholders who object to a resolution made at a shareholders' general meeting on the merger or division of the Company request the Company to purchase their shares;
- (8) legal actions lodged with the People's Court against infringement of the Company's interests and shareholders' lawful rights in accordance with the Company Law or other laws, administrative regulations and departmental rules and regulations, and laying claim to such interests and rights;
- (9) other rights conferred by laws, administrative regulations, departmental rules or these Articles of Association.

Article 54 In the event that a shareholder wants to access the relevant information as described in the preceding article, or to obtain information, he/she shall provide a written document to the Company proving the class and number of shares of the Company he/she holds. Such information shall be provided to the shareholder at his/her request after the Company verifies the identity of the shareholder.

Article 55 In the event that the particulars of a resolution passed at a shareholders' general meeting or a Board meeting are in violation of laws or administrative regulations, the shareholders shall have the right to petition a court to establish such particulars as invalid.

In the event that the procedures for convening a shareholders' general meeting or a Board meeting, or the voting methods thereof are in violation of laws, administrative regulations or these Articles of Association, or the particulars of a resolution are in violation hereof, the shareholders shall have the right to petition a court to make revocation within sixty days from the date of the resolution.

Article 56 In the event that a director or a senior management personnel violates laws, administrative regulations or these Articles of Association when performing his/her duties for the Company, thus causing losses to the Company, the shareholders who either alone or jointly have been holding more than 1% of shares of the Company for one hundred and eighty consecutive days or more shall have the right to request in writing the Supervisory Committee to lodge legal actions with the People's Court. In the event the Supervisory Committee violates laws, administrative regulations or these Articles of Association when executing its duties for the Company, thus causing losses to the Company, shareholders may request in writing the Board of Directors to lodge legal actions with the People's Court.

In the event that the Supervisory Committee or the Board of Directors refuses to take legal action upon receipt of the request in writing from the shareholders as prescribed in the preceding clause, or does not take legal action within thirty days of receiving such a request, or any emergency or failure to take immediate legal action will cause irreparable damage to the interests of the Company, the shareholders prescribed in the preceding clauses shall have the right to lodge legal actions with the People's Court in their own names in the interests of the Company.

In the event that some other persons infringe the legitimate rights and interests of the Company, thus causing losses to the Company, the shareholders prescribed in the first clause of this Article may lodge legal actions with the People's Court in accordance with the provisions of the preceding two clauses.

Article 57 In the event that a director or a senior management personnel violates laws, administrative regulations or these Articles of Association, thus causing damage to the interests of shareholders, the shareholders may lodge legal actions with the People's Court.

Article 58 A shareholder of the Company shall undertake the following obligations:

- (1) Comply with laws, administrative regulations and these Articles of Association;
- (2) pay equity capital according to his/her shares subscribed and the method of equity capital injection;
- (3) may not withdraw equity shares unless provided by laws or administrative regulations;
- (4) may not abuse the rights of a shareholder to prejudice the interests of the Company or other shareholders; may not abuse the Company's independent status of legal person and shareholders' limited liability to prejudice the interests of the Company's creditors;

In the event that a shareholder abuses his/her rights, thus causing losses to the Company or other shareholders, he/she shall be liable for compensation in accordance with the laws.

In the event that a shareholder of the Company abuses the Company's independent status of legal person and shareholders' limited liability to evade debts, thus seriously prejudicing the interests of the Company's creditors, he/she shall be jointly and severally liable for the Company's debts.

- (5) other obligations to be undertaken as prescribed by laws, administrative regulations and these Articles of Association.

Save for the conditions agreed by a subscriber for shares during the subscription, shareholders shall not be liable for any subsequent contribution of additional share capital.

Article 59 In the event that a shareholder holding more than 5% of the voting shares of the Company pledges the shares he/she holds, he/she shall report to the Company in writing on the date of making the pledge.

Article 60 The controlling shareholders and de facto controllers of the Company shall not prejudice the Company's interests by taking advantage of their connections. They shall be liable for compensation for losses caused to the Company as a result of their violation.

The controlling shareholders and de facto controllers of the Company shall have an obligation of good faith towards the Company and public shareholders. The controlling shareholders shall exercise the rights of an investor in strict compliance with the law. They may not prejudice the legitimate rights and interests of the Company and public shareholders by means of connected transactions, distribution of profits, restructuring of assets, foreign investment, appropriation of funds, loan guarantees and other means, and they may not prejudice the interests of the Company and public shareholders by taking advantage of their controlling position.

The Board of Directors of the Company has set up a mechanism called “freezing assets immediately after identifying fund appropriation” to curb embezzlement of corporate assets by its controlling shareholders. Under such mechanism, if in any case any asset embezzlement by any of its controlling shareholders is found, the Board of Directors of the Company shall immediately apply to the court in the name of the Company for judiciary freeze of the assets so appropriated and the equity interests held by such controlling shareholder. In the event that the embezzled fund is unable to be settled in cash, the equity interests of such controlling shareholders shall be disposed to repay the corporate fund embezzled by such controlling shareholder.

The Directors, Supervisors and senior management personnel of the Company are obliged to keep the Company’s funds from being embezzled by controlling shareholders. If any Director or senior management personnel of the Company is found to have assisted or tolerated a controlling shareholder and its subsidiaries to misappropriate the assets of the Company, the Board of Directors of the Company shall punish the personnel (who is directly accountable for such misconduct) and discharge the director(s) (who is/are to assume material responsibility), as the case may be.

Article 61 In addition to the obligations required under laws, administrative regulations or the listing rules of the stock exchange on which the shares of the Company are listed, the controlling shareholders, in the exercise of their powers, may not make any decision on the following issues to jeopardize the interests of all or some of shareholders as a result of exercising their rights to vote:

- (1) removing a Director or Supervisor to reflect, in good faith, the responsibility of doing so in the best interests of the Company as a starting point;
- (2) approving a Director or Supervisor (for his/her own or others’ benefits) of depriving the property of the Company in any way, including (but not limited to) any opportunity beneficial to the Company;
- (3) approving a Director or Supervisor (for his/her own or others’ benefits) of depriving the personal rights and interests of other shareholders, including (but not limited to) any distribution rights and voting rights, but excluding corporate restructuring submitted to a shareholders’ general meeting for approval in accordance herewith.

Article 62 The “controlling shareholder” referred to herein means a person who satisfies one of the following conditions:

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

## **Section 2 General Provisions of the Shareholders' General Meeting**

Article 63 The shareholders' general meeting is the organ of power of the Company and shall lawfully exercise its powers as follows:

- (1) decide on the business policies and investment plans of the Company;
- (2) elect and replace Directors and Supervisors assumed by non-employee representatives;
- (3) decide on the remuneration of Directors and Supervisors;
- (4) consider and approve the report of the Board of Directors;
- (5) consider and approve the report of the Supervisory Committee;
- (6) consider and approve the Company's annual budget and final accounts proposals;
- (7) consider and approve the Company's profit distribution plan and loss recovery plan;
- (8) make a resolution on the increase or decrease of the registered capital of the Company;
- (9) make a resolution on the issuance of shares, bonds and other financing instruments by the Company;
- (10) make a resolution on the merger, division, dissolution or liquidation of the Company, or on the change in the type of the Company;
- (11) amend these Articles of Association;
- (12) make a resolution on the Company's engagement and dismissal of an accounting firm;
- (13) consider and approve the guarantees prescribed in Article 64 hereof;
- (14) consider the Company's purchase or sale of major assets within one year in excess of 30% of the Company's latest audited total assets;
- (15) consider and approve changes in the use of proceeds;
- (16) consider an equity incentive plan;
- (17) consider connected transactions which are subject to consideration at a shareholders' general meeting;
- (18) consider other matters on which resolutions shall be made by a shareholders' general meeting as required by laws, administrative regulations, departmental rules or these Articles of Association.

Article 64 The following external guarantees by the Company shall be considered and approved by a shareholders' general meeting.

- (1) any guarantee provided after the total amount of external guarantees by the Company and its subsidiaries meets or exceeds 50% of the latest audited net assets;
- (2) any guarantee provided after the total amount of external guarantees by the Company meets or exceeds 30% of the latest audited total assets;
- (3) any guarantee provided for a target party whose asset-liability ratio is over 70%;
- (4) any guarantee with a single guaranteed amount in excess of 10% of the latest audited net assets;
- (5) any guarantee provided to shareholders, de facto controllers and their connected parties.

Article 65 When the shareholders' general meeting is considering a proposal to provide guarantee to shareholders, de facto controllers and their connected parties, the said shareholders or the shareholders controlled by the said de facto controllers shall be abstained from voting on the proposal, and the proposal shall be subject to approval by more than half of the voting rights of the other attending shareholders.

When providing guarantee to shareholders, de facto controllers and their connected parties, the Company shall require the parties guaranteed to provide counter indemnity and the party providing the counter indemnity must possess actual performance ability.

In these Articles of Association, references to the term "external guarantees" herein shall mean guarantees provided by the Company on behalf of another party, including guarantees provided by the Company on behalf of its subsidiaries. Reference to the term "total amount of external guarantees of the Company and its subsidiaries" herein shall mean the sum of the total amount of external guarantees of the Company (including guarantees provided by the Company on behalf of its subsidiaries) and the external guarantees of the Company's subsidiaries.

Article 66 The shareholders' general meeting shall exercise its functions and powers to the extent as permitted by the Company Law. It shall not interfere with shareholders in respect of their own rights.

Article 67 The Company shall formulate the rules of procedures for the shareholders' general meeting which shall set out in detail the procedures of convening and voting in respect of the shareholders' general meeting (including notices, registration, consideration and approval for proposals, voting, vote counting, announcement on voting results, the resolution making process, meeting minutes and signing, announcements and other matters) and the principles of authorisation granted to the board of directors at the shareholders' general meeting. The scope of authorisation shall be specified in details. The rules of procedures for the shareholders' general meeting as an appendix to these Articles of Association shall be prepared by the board of directors and approved at the shareholders' general meeting.

Article 68 Matters, as required by laws, administrative regulations as well as these Articles of Association, shall be resolved at the shareholders' general meetings so as to protect the decision-making rights of shareholders of the Company on such matters. Under necessary and reasonable circumstances, the shareholders' general meeting may authorize the board of directors to decide, within the scope of authorization as delegated at the shareholders' general meeting, specific issues relating to matters to be resolved on by the shareholders' general meeting which may not be decided upon immediately at a shareholders' general meeting. The shareholders' general meeting shall not assign any of its exercisable power under the laws to the Board to exercise.

An authorization to the board of directors which falls into an ordinary resolution shall be passed by votes representing more than one-half (excluding one-half) of the voting rights held by the shareholders (including their proxies) present at the shareholders' general meeting; an authorization to the board of directors which falls into a special resolution shall be passed by votes representing more than two-thirds of the voting rights held by the shareholders (including their proxies) present at the shareholders' general meeting. The content of the authorization shall be clear and specific.

Article 69 Other than the cumulative voting system, the shareholders' general meeting will vote on all proposals one by one, and for the different proposals on the same matter, voting will be proceeded according to the order of the times these proposals are put forward. Other than special reasons such as force majeure which results in the interruption of the meeting or make it impossible to come to resolution, the shareholders' general meeting shall not postpone the proposals and shall vote on them.

Article 70 Except that the Company is in crisis where prior approval must be granted at a shareholders' general meeting, the Company may not conclude any contract with any share. meeting

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- (6) other cases as required by laws, administrative regulations, departmental rules or these Articles of Association.

Should the Company cannot convene a shareholders' general meeting within the period mentioned in the preceding paragraph, it shall report to the CSRC (Shenzhen Branch) and Shenzhen Stock Exchange, explain the reason and make an announcement.

Article 73 A shareholders' general meeting of the Company shall be convened at the domicile of the Company.

Article 74 A venue shall be available for a shareholders' general meeting which shall be held as an on-site meeting.

Article 75 For the convenience of shareholders, the Company shall provide secure, cost-efficient and accessible online and other channels for participation in shareholders' general meetings in accordance with applicable laws, administrative regulations and rules of the CSRC or these Articles of Association.

Shareholders who attend the meeting in the aforesaid manners shall be deemed as present.

Article 76 In the event that the shareholders' general meeting adopts online transmission or other ways, the time and procedures for voting via internet or by other ways will be specifically stated in the notice of the shareholders' general meeting. The online voting or other voting methods of the shareholders' general meeting shall commence no earlier than 3:00 p.m. of a day prior to the date of the shareholders' general meeting but no later than 9:30 a.m. on the date of the shareholders' general meeting and it shall terminate no earlier than 3:00 p.m. on the date of conclusion of the shareholders' general meeting.

Article 77 When the Company holds a shareholders' general meeting, a lawyer shall be engaged to present legal opinions on the following matters and make an announcement:

- (1) whether or not the procedures for convening and holding the meeting are in compliance with laws, administrative regulations, Rules for Shareholders' Meetings of Listed Companies and these Articles of Association;
- (2) whether or not the qualifications of the officers present at the meeting, and of the convenor are lawful and valid;
- (3) whether or not the voting procedures at the meeting and the voting results are lawful and valid;
- (4) other legal opinions to be presented on other relevant matters at the request of the Company.

### **Section 3 Convening of Shareholders' General Meeting**

Article 78 The independent directors, the Supervisory Committee, shareholders severally or jointly holding 10% or more of the shares of the Company requisitioning the convening of extraordinary general meetings or class meetings shall abide by the following procedures:

- (1) Two or more shareholders who hold individually or jointly an aggregate of 10% or more of the shares carrying voting rights at such meeting may sign one or several written requests in the same form requesting the board of directors to convene an extraordinary general meeting or a class meeting of the shareholders, specifying the objects of the meeting. The board of directors shall make a written response as to whether or not it agrees to convene an extraordinary general meeting of shareholders, within 10 days upon receipt of the aforesaid written request. The number of the shares held as aforesaid shall be calculated based on those shares held by the shareholders as at the date of the written request.

The independent directors shall have the right to propose to the board of directors to convene an extraordinary general meeting of shareholders. For such proposal, the board of directors shall, in accordance with laws, administrative regulations and these Articles of Association, make a written response as to whether or not it agrees to convene an extraordinary general meeting of shareholders, within 10 days upon receipt of such proposal.

The board of directors of supervisors shall have the right to propose to the board of directors to convene an extraordinary general meeting of shareholders. Such proposal shall be made in writing. The board of directors shall make a written response as to whether or not it agrees to convene such an extraordinary general meeting of shareholders within 10 days upon receipt of the proposal in accordance with laws, administrative regulations and these Articles of Association.

- (2) If the board of directors agrees to convene the extraordinary general meeting of shareholders, a notice of such meeting shall be issued within 5 days after the resolution of the board of directors is passed. Changes made to the original proposal in the notice shall be approved by the original proposer.
- (3) If the board of directors does not agree to convene the extraordinary general meeting, it shall make an announcement with relevant explanations.
- (4) If the board of directors does not agree to the resolutions made by the Supervisory Committee to convene the shareholders' extraordinary general meeting, or fails to give a relevant notice within 10 days after the receipt of the request, it shall be deemed that the board of directors is unable or fails to fulfil its responsibilities to convene the shareholders' general meeting. The Supervisory Committee can hereby convene and preside over the meeting by itself. The procedures of convening the meeting should be similar to those of convening a shareholders' general meeting by the board of directors as far as possible.

- (5) If the board of directors does not agree to the resolution made by the shareholders to convene the shareholders' extraordinary general meeting, shareholders shall make a written resolution to the Supervisory Committee for convening such meeting.

If the Supervisory Committee agrees to convene such a meeting, a notice of such meeting shall be issued within 5 days upon receipt of the proposal. Changes made to the original proposal shall be approved by the original proposer.

If the Supervisory Committee fails to dispatch a notice of the shareholders' general meeting within a prescribed period of time, it shall be deemed that the Supervisory Committee fails to convene and preside over the shareholders' general meeting. The shareholder(s) continuously holding for 90 days individually or collectively 10% or more of the shares of the Company may convene and preside over the meeting by himself/themselves, provided that prior to the announcement of the resolutions of the shareholders' general meeting, the shares held by the convening shareholder(s) shall not be less than 10% of the shares of the Company. The procedures of convening the meeting should be similar to those of convening a shareholders' general meeting by the board of directors as far as possible. The convening shareholders shall provide the relevant evidence to the local office of the securities regulatory authority of the State Council where the Company is located and stock exchange at the same time as sending the notice of shareholders' general meeting and announcing the passed resolutions at the shareholders' general meeting.

Article 79 If the Supervisory Committee or Shareholder(s) decide(s) to convene the extraordinary general meeting or class meetings by itself/themselves, it/they shall issue a written notice to the board of directors and file with Shenzhen Branch of CSRC and Shenzhen Stock Exchange.

Article 80 The Supervisory Committee and convening shareholder shall submit relevant evidence to CSRC (Shenzhen Branch) and Shenzhen Stock Exchange upon the issuance of the notice of shareholders' general meeting or class meeting and the announcement of the passed resolutions of the shareholders' general meeting or class meeting.

Article 81 As for the shareholders' general meeting or class meeting convened by the Supervisory Committee or shareholders, the board of directors and the secretary to the board of directors shall coordinate accordingly. The board of directors shall provide the register of members as at the registered date for entitlements of shares. In the event that the board of directors fails to provide the register of members, the convener may apply to China Securities Depository and Clearing Corporation Limited (Shenzhen Branch) for obtaining the register of members with the relevant announcements on the convening of the shareholders' general meeting or class meeting. The register of members obtained by the convener shall not be used for purposes other than convening of the shareholders' general meeting or class meeting.

Article 82 All necessary expenses incurred by the Supervisory Committee or the shareholders to convene a shareholders' general meeting or class meeting shall be assumed by the Company and any sum so repaid shall be set off against any sums owed by the Company to the defaulting Directors.

#### **Section 4 Proposals and Notices of Shareholders' General Meeting**

Article 83 The contents of a proposal shall be within the scope of the duties and responsibilities of the shareholders' general meeting, have definite topics and specific matters for resolution, as well as be in compliance with the laws, administrative regulations and these Articles of Association.

Article 84 The board of directors, the Supervisory Committee, and shareholder(s) individually or jointly holding more than 3% of the Company's shares shall have the right to submit proposed resolutions to the Company for a shareholders' general meeting of the Company.

The shareholder(s) individually or jointly holding more than 3% of the Company's shares may submit extra proposed resolutions in writing to the convener of a shareholders' general meeting 10 days prior to the meeting. The convener shall issue a supplementary notice of the shareholders' general meeting and announce the contents of such extra proposed resolutions within 2 days after receipt thereof.

Except as provided by the preceding clause, the convener of a shareholders' general meeting shall not amend the proposed resolutions set out in the notice of the meeting or add any new proposed resolutions subsequent to the issue of the notice of the shareholders' general meeting.

Proposals which are not specified in the notice of the shareholders' general meeting or which do not comply with Article 83 of these Articles of Association shall not be voted and resolved at the shareholders' general meeting and become resolutions.

If any matter set out in Article 64 is proposed to be considered and approved at the shareholders' general meeting of the Company, upon giving the notice of such general meeting, the notice of such general meeting shall be re-published within 3 days after the record date.

Article 85 A written notice of a shareholders' general meeting shall be given by the convener to all shareholders whose names appear in the register of members, 45 days before the meeting is held, specifying the matters to be considered at and the date and venue of the meeting. A shareholder who intends to attend the shareholders' general meeting shall deliver a written reply slip confirming his intention to attend the meeting to the Company 20 days before the meeting is held.

The duration of notice after issue shall be exclusive of the date of issue and date of convening of meeting.

The date of issue of the notice mentioned herein is the date on which the Company or the share registry commissioned by the Company serves the relevant notice to the post office.

Article 86 The notice of a shareholders' general meeting shall meet the following requirements:

- (1) be in written form;
- (2) specify the venue, date and time of the meeting;
- (3) contain matters and proposals to be considered at the meeting;
- (4) provide shareholders with required information and explanations to enable the shareholders to make sensible decisions on the matters discussed. This policy shall include (but not limited to) the provision of specific conditions and contracts (if any) for a contemplated transaction at the time when the Company proposes a merger, repurchase of shares, reorganization of share capital or other reorganization, as well as the giving of serious explanations as a result of the causes and consequences thereof;
- (5) in the event any directors, supervisors, president or other senior management personnel have a significant interest in the matters to be discussed, they shall disclose the nature and extent of such interest; in the event that the impact of the matters to be discussed on the directors, supervisors, president and other senior management personnel as shareholders is different from that on the other shareholders of the same class, the notice shall explain the difference;
- (6) contain the full text of any special resolution to be passed at the meeting;
- (7) contain an express statement that each shareholder is entitled to attend and vote at the shareholders' general meeting, and to appoint one or more proxies to attend and vote on his behalf, and that a proxy need not be a shareholder;
- (8) contain the time and place of serving a power of attorney of the voting proxy at the meeting;
- (9) it shall contain the record date on which shareholders have the right to attend the shareholders' general meeting;
- (10) it shall contain the names and telephone numbers of permanent contact persons for the affairs of the meeting.

Article 87 The notice of a shareholders' general meeting shall be sent to shareholders (regardless of whether they are entitled to vote at the shareholders' general meeting) by personal delivery or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of members. For holders of domestic shares, such notice of the shareholders' general meeting may also be given by way of announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council 45 to 50 days prior to the convening of the meeting. Once such an announcement is made, all holders of domestic shares shall be deemed to have received the relevant notice of the shareholders' general meeting.

Article 88 Details of all proposals as well as all of information or explanations required for shareholders to make sound judgment of the matters to be discussed shall be fully and completely disclosed in the notice of the shareholders' general meeting and its supplementary notice. In the event that independent directors are required to express their opinions on the matters to be discussed, a notice of shareholders' general meeting or a supplementary notice shall, when given, also disclose the opinions and reasons of the independent directors.

Article 89

Article 94 Shareholders may attend a shareholders' general meeting in person and exercise the rights to vote, and also may appoint a proxy to attend and vote on their behalf within the scope of authorization.

Article 95 Any shareholder who has the right to attend and vote at a shareholders' general meeting shall have the right to entrust one or more persons (not necessarily shareholder(s)) as his/her proxy(ies) to attend the meeting and vote on his/her behalf. Such proxy may exercise the following rights in accordance with the shareholder's entrustment:

- (1) the shareholder's right to speak at the shareholders' general meeting;
- (2) the right to require by himself/herself or jointly with others to make a resolution by voting;
- (3) the right to vote by raising hands or ballot, except in circumstances where a shareholder has appointed more than one proxy, such proxies can only exercise the voting right by ballot.

Article 96 In the event that an individual shareholder attends a shareholders' general meeting in person, he shall produce his own identity card or other valid documents or proof capable of identifying himself, and the stock account card; in the event that a proxy is appointed to attend the meeting for someone else, he shall produce his own valid identity documents and the power of attorney from the shareholder.

For a corporate shareholder, his legal representative or the proxy appointed by such legal representative shall attend the meeting. In the event that the legal representative attends the meeting, he shall produce his own identity card or valid proof capable of proving that he has the status of a legal representative; in the event that the appointed proxy attends the meeting, he shall produce his own identity card and the written power of attorney issued by the legal representative of the corporate shareholder according to law.

Article 97 The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a legal person, that instrument shall be executed either under its seal or under the hand of its Chairman or other attorney duly authorised to sign the same.

The power of attorney issued by a shareholder to appoint another party to attend a shareholders' general meeting shall contain the following particulars:

- (1) the name of the proxy;
- (2) whether the proxy has the right to vote;
- (3) the instructions to vote in favour of or against, or to abstain from voting on, each matter set out on the agenda of the shareholders' general meeting;
- (4) the date and validity of the power of attorney;
- (5) the signature (or seal) of the principal. In case the principal is a corporate shareholder, it shall be affixed with the seal of the legal entity.

Such instrument shall state whether the proxy, in the absence of any specific instructions from the Shareholder, may vote as he/she thinks fit.

- Article 98 Proxy forms shall be made available at least 24 hours prior to a meeting at which voting is appointed in such proxy forms or 24 hours prior to the designated voting time at the Company's domicile or elsewhere specified in the notice convening the meeting. In the event that the proxy forms are signed by other persons authorized by the principals, the letter of authority authorizing the signatures or other authority shall be notarized. Notarized letter of authority or other authority together with the proxy forms shall be made available at the Company's domicile or elsewhere specified in the notice convening the meeting.
- In case the principal is a legal entity, its legal representative or board of directors, or other person authorized by the resolution of decision-making bodies shall be represented at the shareholders' general meeting of the Company.
- Article 99 The format of any letter of authority given by the Board of Directors of the Company to shareholders using for appointing proxies shall allow shareholders to choose freely to instruct proxies to vote in favour of or against a matter, and give respective instructions in respect of resolutions made on each of the matters at a meeting. The letter of authority shall indicate that in case the shareholders do not give any instructions, the proxies may vote as they think fit.
- Article 100 In the event that a principal has died, lost the capacity for acts, withdrawn the appointment or withdrawn the authorization signed for the appointment, or the shares have been transferred prior to voting, as long as the Company has not received a written notice of such matters prior to a meeting, the votes cast by a proxy according to the letter of authority shall remain valid.
- Article 101 A meeting attendance register of attendants at a meeting shall be compiled by the Company. The meeting attendance register shall state the names (or names of work units), identity card numbers and home addresses of attendants, number of shares held or representing voting shares, the names of principals (or names of work units) and so on.
- Article 102 The convenor and the lawyers engaged by the Company shall jointly verify the legitimacy of the qualifications of shareholders based on the register of shareholders provided by China Securities Depository and Clearing Corporation Limited, Shenzhen branch, and record the names of shareholders and the number of voting shares held by them. Meeting registration shall be terminated before the chairman of the meeting announces the number of shareholders and proxies physically present at the meeting as well as the total number of voting shares held.
- Article 103 During a shareholders' general meeting, all the directors and supervisors of the Company and secretary of the Board of Directors shall attend the meeting. The president and other senior management officers shall sit in on the meeting.
- Article 104 A shareholders' general meeting shall be chaired by the Chairman. In the event that the chairman is unable to or fails to perform his duties, the vice-chairman shall chair the meeting. In the event that the vice-chairman is also unable to or fails to perform his duties, a director jointly elected by more than half of the directors shall chair the meeting. In the event that the chairman of the meeting is not specified, the shareholders present at the meeting may elect one person as a chairman; if for any reason shareholders cannot elect a chairman, the shareholder (including proxy) present at the meeting with the largest number of the voting shares shall chair the meeting.

A shareholders' general meeting convened by the Supervisory Committee on its own shall be chaired by the chairman of the Supervisory Committee. In the event that the chairman is unable to or fails to perform his duties, a supervisor jointly elected by more than half of the supervisors of the Company shall chair the meeting.

A shareholders' general meeting convened by shareholders on their own shall be chaired by a representative elected by the convenor.

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

Article 105 During a shareholders' general meeting, in the event that the chairman of the meeting violates the rules of procedure so that the shareholders' general meeting cannot proceed, a person may be elected as the chairman of the meeting thereat to proceed with the meeting with the consent of the shareholders with a majority of the voting rights present at the meeting.

Article 106 At an annual general meeting, the Board of Directors and the Supervisory Committee shall report to the meeting on their work over the past one year. Each of the independent directors shall also make their personal work reports.

Article 107 Directors, supervisors and senior management officers shall explain and illustrate the questions and suggestions made by shareholders at a shareholders' general meeting.

Article 108 The chairman of a meeting shall announce, before voting takes place, the number of shareholders and proxies physically present at the meeting as well as the total number of voting shares held. The number of shareholders and proxies physically present at the meeting as well as the total number of voting shares held shall be based on the registration at the meeting.

Article 109 Minutes shall be prepared for a shareholders' general meeting by the Secretary of the Board of Directors. The minutes of a meeting shall record the following particulars:

- (1) the time, place, agenda and name of the convenor of the meeting;
- (2) the names of the chairman of the meeting and the directors, supervisors, president and other senior management officers attending or sitting in on the meeting;
- (3) the number of shareholders and proxies attending the shareholders' general meetings, the total number of voting shares held and their respective percentages of total number of shares of the Company;
- (4) the process of considering each proposal, main points of remarks and voting results;
- (5) questions, comments or suggestions by shareholders, and the replies thereto or explanations thereof;
- (6) the names of lawyers, counters and scrutineers of votes;

- (7) the number of voting shares represented by the holders (including their proxies) of domestic shares and overseas-listed foreign shares (including their proxies) who are present at the meeting, and the proportion of their shares out of the total number of shares of the Company;
- (8) the results of voting by holders of domestic shares and holders of overseas-listed foreign shares in respect of each resolutions;
- (9) other particulars that shall be recorded into the meeting minutes as prescribed hereunder.

Article 110 Directors, secretary of the Board of Directors, convenor or his representative and the chairman of the meeting who attend the meeting shall sign the minutes of the meeting, and ensure that the particulars of meeting minutes are true, accurate and complete. The minutes of the meeting shall be kept together with the valid data on the signature book of shareholders physically present at the meeting, powers of attorney of proxies present and details of voting on the network and other voting methods for a period of not less than ten years.

Article 111 A convenor shall ensure that a shareholders' general meeting shall be held consecutively until a final resolution is formed. In the event that a shareholders' general meeting is suspended or no resolutions can be made thereat due to special reasons such as force majeure, the convenor shall take necessary measures to restore the meeting as soon as possible or directly terminate the meeting, and make an announcement promptly. Meanwhile, the convenor shall report to Shenzhen Regulatory Bureau of CSRC and the Shenzhen Stock Exchange.

## **Section 6 Voting and Resolutions of the shareholders' general meeting**

Article 112 Resolutions of the shareholders' general meeting shall be divided into ordinary resolutions and special resolutions.

To pass an ordinary resolution at a shareholders' general meeting, votes representing more than one half of the voting rights represented by the shareholders (including proxies) present at the meeting shall be exercised in favour of such resolution.

To pass a special resolution at a shareholders' general meeting, votes representing more than two thirds of the voting rights represented by the shareholders (including proxies) present at the meeting shall be exercised in favour of such resolution.

Article 113 The following matters shall be passed by way of ordinary resolutions at a shareholders' general meeting:

- (1) the work report of the Board of Directors and the Supervisory Committee;
- (2) Board of Directors' proposed profit distribution plan and loss recovery plan;
- (3) the appointment and removal of members of the Board of Directors and the Supervisory Committee and their remuneration and payment methods;
- (4) the Company's annual budget and final accounts report, balance sheet, income statement and other financial statements;

- (5) the Company's annual report;
- (6) matters other than those that are required to be passed by special resolution under laws, administrative regulations or provisions hereof.

Article 114 The following matters shall be passed by way of special resolutions at a shareholder's general meeting:

- (1) the Company's increase or decrease of registered capital and issuance of any class of shares, warrants and other similar securities;
- (2) the Company's issuance of corporate bonds;
- (3) the division, merger, dissolution and liquidation of the Company;
- (4) amendments to these Articles of Association;
- (5) the Company's purchase or sale of major assets or guaranteed amounts within one year in excess of 30% of the latest audited total assets of the Company;
- (6) equity incentive plans;
- (7) other matters which are required to be passed by special resolution under laws, administrative regulations or these Articles of Association, and which are supposed to have a significant impact on the Company if they are passed by ordinary resolution at a shareholders' general meeting;
- (8) other matters as required by the listing rules of the stock exchange where the Company is listed.

Article 115 When voting in the shareholders' general meeting, a shareholder (including his/her proxy(ies)) shall exercise its voting rights in respect of the number of voting shares he/she represents, except in the adoption of cumulative voting system on the election of directors, supervisors as required under Article 131 of these Articles of Association. Each share shall have one vote, but voting shall comply with any privilege or restriction appended on the voting rights of any class of shares existing at the time being, and shall comply with the requirements under the relevant applicable laws, regulations and these Articles of Association. If according to the Hong Kong Listing Rules, any of its schedules, any listing agreements, other contracts and agreements entered into pursuant to the above documents and decisions of the Hong Kong Stock Exchange, the voting rights of any shareholder in respect of any voting are not exercisable, or there is any restriction in respect of the exercise of the voting rights, while he has not complied with the relevant requirements, the voting rights of such shareholder shall be deemed as invalid and shall not be counted.

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

The shares of the Company held by itself have no voting rights and shall not be counted into the total number of shares carrying voting rights at the shareholders' general meeting.

Article 116 The Board, independent directors and qualified shareholders have the right to solicit voting rights from shareholders. In doing so, information such as voting intention shall be sufficiently disclosed to the shareholders from whom voting rights are being solicited. Provision of consideration or de facto consideration is prohibited in soliciting shareholders' voting rights. The Company and the convenor of the shareholders' general meeting is prohibited from setting requirement of the minimum shareholding ratio when soliciting shareholders' voting rights.

Article 117 When connected transactions are voted at the shareholders' general meeting, the following interested shareholders shall not participate in voting. The voting shares represented by them shall not be counted in the total number of shares validly voted:

- (1) the other party of a transaction;
- (2) direct or indirect controller of the other party of a transaction;
- (3) directly or indirectly controlled by the other party of a transaction;
- (4) together with the other party of a transaction, directly or indirectly controlled by the same legal person or natural person;
- (5) a shareholder whose voting right is restricted because of incomplete performance of equity transfer agreement or other agreement with the other party of a transaction or connected person thereof;
- (6) a legal person or natural person which is likely to obtain more benefits from the Company as determined by the China Securities Regulatory Commission or the Shenzhen Stock Exchange.

The voting of uninterested shareholders shall be disclosed fully in the announcement on the resolutions of a shareholders' general meeting.

Where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder or his/her proxy in contravention of such requirement or restriction shall not be counted.

Article 118 Save that the Company is under exceptional circumstances such as crisis, unless approved by way of special resolution at a shareholders' general meeting, the Company shall not enter into any contracts with any person other than the directors, president and other senior management personnel pursuant to which the management of all or a substantial part of the business of the Company will be given to such person.

Article 119 The list of candidates for directors and supervisors shall be submitted to the shareholders' general meeting for voting in the form of proposal.

Article 120 The Board of Directors shall make a public announcement to the shareholders concerning the biographies and general information of the candidates for directors and supervisors.

Article 121 The general meeting shall vote on all proposals item by item, and shall vote on the proposals in temporal sequence as they are raised when different proposals are put forward for a single matter. Unless a shareholders' general meeting is suspended or no resolution can be adopted due to force majeure or other special reasons, no proposal shall be set aside or rejected from being voted on at the shareholders' general meeting.

Article 122 When a proposal is being considered at a shareholders' general meeting, no modifications may be made to the proposal, otherwise the modifications shall be deemed as a new proposal and shall not be voted at the shareholders' general meeting.

Article 123 The same voting right may only be exercised at either an on-site meeting, on the network or in another voting method. In the event that the same voting right is repeated, the result of the first vote shall prevail.

Article 124 At any shareholders' general meeting, a resolution shall be decided on a show of hands unless a poll is taken as may be required under the Hong Kong Listing Rules or a poll is demanded before or after any vote by show of hands by:

- (1) the chairman of the meeting;
- (2) at least two shareholders or proxies entitled to vote;
- (3) one or more shareholders (including proxies) holding individually or in aggregate 10 per cent or more of the shares carrying voting rights at such meeting.

Unless a poll is demanded, the chairman's declaration of the results of the voting by show of hands and the record of the same in the minutes of the meeting shall be final evidence of the results of the voting. There is no need to provide evidence as to the number of votes for and against the resolution or the proportion of votes for and against in respect thereof.

The demand for a poll may be withdrawn by the person who makes such demand.

The above poll refers to voting by way of registered poll.

Article 125 Before voting takes place on a proposal at a shareholders' general meeting, two shareholders' representatives shall be elected to participate in vote counting and scrutinizing. In the event that a shareholder has an interest in a matter to be considered, the relevant shareholder and his proxy shall not participate in the vote counting and scrutinizing.

When voting takes place on a proposal at a shareholders' general meeting, lawyers and representatives of shareholders and supervisors shall be jointly responsible for vote counting and scrutinizing, and shall announce the voting results on the spot. The voting results of resolutions shall be recorded in the minutes.

Shareholders of the Company or their proxies who cast their votes through the network or by another method shall have the right to inspect their own voting results through an appropriate voting system.

Article 126 An on-site shareholders' general meeting shall not end earlier than the one held on the network or by another method. The chairman of the meeting shall announce details and results of the voting on each proposal, and announce whether a proposal is passed according to the voting results.

Article 127 Before the formal announcement of voting results, the Company, vote counters, vote scrutineers, substantial shareholders, network services providers and other related parties involved at the on-site shareholders' general meeting, on the network and by another voting method shall be under a confidentiality obligation for the details of the voting.

Article 128 Shareholders present at a shareholders' general meeting shall express one of the following opinions on a proposal submitted for voting: being in favour of, being against or abstaining from voting.

Uncompleted paper ballots, wrongly completed paper ballots, paper ballots with illegible characters and uncast paper ballots shall be deemed as voters abstaining from their voting rights. The voting results of the shares they hold shall be counted as "abstained".

Article 129 A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

Article 130 On a poll taken at the meeting, a shareholder (including his/her proxy(ies)) entitled to two or more votes need not cast all his or her votes in the same way.

Article 131 During the election of directors or supervisors in the shareholders' general meeting, if there are more than two candidates, each share held by a shareholder (including his/her proxy(ies)) shall have the same voting rights as the number of candidates to be elected. He may cast all his votes on one single candidate or spread his votes on different candidates, but have to make explanations on the distribution of voting rights.

Where sole shareholder and its concert party are interested in 30% or more in shares of the Company, the cumulative voting method shall be adopted.

Details of the operation of the cumulative voting method are as follows:

- (1) The total number of valid vote casted by every shareholder attending the meeting in election of directors or supervisors shall be equal to the number of voting shares held by the shareholder multiplied by the number of directors or supervisors to be elected;
- (2) Every shareholder may cast all his votes on single candidate for director or supervisor or spread his votes on different candidates for director or supervisor;

- (3) Votes for one candidate of Director (or Supervisor) could be more or less than the number of voting shares held by the shareholder, which do not need to

Article 137 In the event that a proposal on the distribution of cash dividends or bonus shares or on share capital increase with transfers from the capital reserves is passed at a shareholders' general meeting, the Company shall implement a specific scheme thereon within two months upon the conclusion of the shareholders' general meeting.

Article 138 The resolutions passed at a shareholders' general meeting are invalid if they are in violation of any law or administrative regulation.

If the procedures for convening a shareholders' general meeting, or the way of voting, violate any law, administrative regulation or these Articles of Association, or the content of a resolution violates these Articles of Association, the shareholders may, within 60 days from the day when the resolution is made, request the People's Court to revoke it.

Article 139 Shareholders may inspect a copy of the minutes free of charge during the office hours of the Company. In the event that a shareholder wants to obtain a copy of the relevant minutes from the Company, the Company shall send out the copy within seven days of verifying the identity of the shareholder and charging a reasonable fee.

### **Section 7 Special Procedures for Voting by Class Shareholders**

Article 140 Shareholders holding shares that are a different class of shares shall be class shareholders holding that class of shares.

Class shareholders shall enjoy rights and undertake obligations in accordance with laws, administrative regulations and these Articles of Association.

Article 141 In the event that the Company intends to alter or abolish the rights of class shareholders, such alteration or abolition may only be made after it is passed by special resolution at a shareholders' general meeting, and at shareholders' meetings respectively convened by affected class shareholders in accordance with Articles 143 to 147. If any shareholder of the Company (or his/her proxy) elects to abstain from voting or not to exercise his/her voting rights on any particular resolution, the voting rights represented by such shareholder or his/her proxy in respect of this resolution shall not be counted in the voting rights held by the shareholders present at that class meeting of the Company.

Article 142 The following scenarios shall be deemed as alteration or abolition of the rights of a class shareholder:

- (1) increase or decrease the number of shares of that class, or increase or decrease the number of shares of a class entitled to equal or more voting rights, distribution rights and other privileges as the shares of that class;
- (2) change all or part of the shares of that class to the shares of another class, or change all or part of the shares of another class to the shares of that class or grant the conversion rights thereto;
- (3) cancel or reduce the rights owned by the shares of that class to acquire the accrued dividends or cumulative dividends;

- (4) reduce or cancel the rights owned by the shares of that class to the priority to obtain dividends or the distribution of property during the liquidation of the Company;
- (5) increase, cancel or reduce the share conversion rights, options, voting rights, transfer rights, priority placement rights and the rights to obtain securities of the Company owned by the shares of that class;
- (6) cancel or reduce the rights owned by the shares of that class to receive payables from the Company in a particular currency;
- (7) establish a new class entitled to equal or more voting rights, distribution rights or other privileges as the shares of that class;
- (8) impose restrictions on or increase such restrictions on the transfer or ownership of the shares of that class;
- (9) issue share options or share conversion rights in respect of the shares of that or another class;
- (10) increase the rights and privileges of the shares of other classes;
- (11) a corporate restructuring programme constitutes the unproportionate distribution of responsibilities undertaken by the shareholders of different classes in the restructuring; and
- (12) modify or repeal the clauses hereof.

Article 143 Affected class shareholders, regardless of formerly having the voting rights at shareholders' general meetings or not, shall have voting rights at class meetings in relation to matters in (2) to (8) and (11) to (12) of Article 142. However, interested shareholders shall not have any voting rights at class meetings.

For the purpose of the preceding paragraph, the expression "interested shareholders" shall have the following meanings:

- (1) when the Company makes a buyback offer to all shareholders by the same proportion in accordance with Article 28 hereof, or buys back its own shares through public trading on a stock exchange, "interested shareholders" mean the controlling shareholders as defined under Article 62 hereof;
- (2) when the Company buys back its own shares by agreement outside a stock exchange in accordance with Article 28 hereof, "interested shareholders" mean the shareholders in relation to that agreement;
- (3) in a corporate restructuring programme, "interested shareholders" mean the shareholders who undertake obligations at a proportion lower than that of the other shareholders of the same class, or the shareholders having an interest different from that of other shareholders of that class.



## **Chapter 6 The Board of Directors**

### **Section 1 Directors**

Article 148 Directors of the Company shall be natural persons. A person who falls into any of the following circumstances shall not serve as a director of the Company:

- (1) civil incompetence or limited civil competence;
- (2) no more than five (5) years have lapsed since termination of the execution period for penalty on a crime of corruption, bribery, encroachment of property, embezzlement or disrupting socialist economic order, or no more than five (5) years have lapsed since termination of the execution period for deprivation of political rights due to committing a crime;
- (3) no more than three (3) years have lapsed since conclusion of liquidation owing to the bankruptcy of a company or enterprise where the person served as a director or factory manager or president and was personally liable for the bankruptcy;
- (4) no more than three (3) years have lapsed since the date of cancellation of the business license and winding-up of a company or enterprise on account of illegal business operations where the person served as the legal representative and was personally liable;
- (5) a relatively large amount of personal debt is overdue but remains unpaid;
- (6) the person is under investigation by the judicial authorities after a claim has been brought for breaking criminal law, pending conclusion of the case;
- (7) the person is not eligible for enterprise leadership under the laws and administrative regulations;
- (8) the person is not a natural person;
- (9) no more than five (5) years have lapsed since the person was found guilty of violating relevant securities regulations and involved in fraud or dishonesty as adjudged by relevant regulatory authorities;
- (10) the person is currently being prohibited from participating in securities market by the CSRC and such barring period has not elapsed;
- (11) no more than two (2) years have lapsed since the Shanghai Stock Exchange or the Shenzhen Stock Exchange has declared the person to be inappropriate; and
- (12) other circumstances specified by the laws, administrative regulations and rules.

For any election and appointment of a director in contravention of the provisions prescribed by this Article, such election, appointment or employment shall be void and null. Where a director falls into any of the aforesaid circumstances in his term of office, the director shall be removed from office.

- Article 149 New director shall sign a “directors’ declaration and undertaking” and submit it to the Board and the Shenzhen Stock Exchange for filing.
- Article 150 Directors shall be elected or replaced by the general meeting. The term of office of directors is three (3) years, renewable upon re-election at its expiry. A director may not be removed from office by the shareholders’ general meeting without any reason before his term of office expires. The general meeting may by ordinary resolution remove any director before the expiry of his term of office (but without prejudice to such director’s right to claim damages under any contract), subject to full compliance with the relevant laws and administrative regulations.
- Written notice of the intention to nominate candidates for directors and their consent to accept the nomination shall be lodged with the Company after the despatch of the notice of the general meeting and no later than seven (7) days before the holding of the general meeting. The minimum notice period of such written notice is seven (7) days.
- Article 151 The term of office of directors commences from the date of appointment up to the expiry of the current term of office of the Board. In the event that the term of a director falls upon expiry whereas the new member of the Board is not re-elected in time, the existing director shall continue to perform his duties in accordance with laws, administrative regulations, rules of regulatory authorities and the provisions of these Articles of Association until the re-elected director assumes office.
- Article 152 Directors may hold a concurrent post as president or other senior management personnel of the Company, provided that the total number of directors who are serving concurrently as president or other senior management personnel together with the staff representative director shall not be more than two.
- Article 153 Directors shall comply with the laws, administrative regulations and these Articles of Association, and shall fulfill obligations to the Company as follows:
- (1) not to abuse his position to accept bribes or other illegal income or misappropriate the properties of the Company;
  - (2) not to misappropriate the funds of the Company;
  - (3) not to set up accounts in his own name or in the name of any other person for the purpose of depositing any of the assets or funds of the Company;
  - (4) not to lend funds of the Company to any other person or use the property of the Company to provide guarantee for any other person without the consent of the shareholders’ general meeting or the Board of Directors in contravention of the provisions of these Articles of Association;
  - (5) not to enter into contracts or carry out transactions with the Company in contravention of the provisions of these Articles of Association or without the consent of the shareholders’ general meeting;

- (6) not to, without the consent of the shareholders' general meeting, abuse his position to seize business opportunities for himself or for other persons which should otherwise belong to the Company, or operate a business similar to that of the Company for himself or for other persons;
- (7) not to misappropriate commissions derived from transactions entered into by the Company;
- (8) not to disclose confidential information of the Company without permission;
- (9) not to abuse his connections with the Company to jeopardize the interests of the Company;
- (10) other faithful obligations as required by the laws, administrative regulations, departmental rules and these Articles of Association.

Any income derived by a director in violation of the provisions of this Article shall belong to the Company. The director shall be liable for indemnifying the Company against any loss incurred.

Article 154 Directors shall comply with the laws, administrative regulations and these Articles of Association and shall fulfill the following obligations of integrity and diligence:

- (1) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with the state's laws, administrative regulations and economic policies, not going beyond the scope of business specified in the Company's business license;
- (2) to treat all shareholders impartially;
- (3) to keep informed of the business operations and management of the Company;
- (4) to sign the regular reports of the Company for confirmation, and to ensure the information disclosed by the Company is true, accurate and complete;
- (5) to honestly provide the supervisory committee with relevant information, and not to interfere with the supervisory committee or supervisors in performing their duties and powers;
- (6) to fulfill other due diligence obligations stipulated by laws, administrative regulations, rules of regulatory authorities and these Articles of Association.

Article 155 A director who cannot attend the meetings of the Board in person twice consecutively nor appointed any other directors to attend on his behalf is deemed as failure in performing the duties, and shall be subject to replacement as recommended by the Board at the general meeting.

Article 156 Directors may request to resign before expiry of their terms of office. The directors to resign shall submit to the Board a written report in relation to their resignation. The Board shall disclose the relevant information within two (2) days.

Article 157 In the event that the resignation of any director results in the number of members of the Board falling below the quorum, the existing director shall continue to perform his duties in accordance with the laws, administrative regulations, rules of regulatory authorities and the provisions of these Articles of Association until the re-elected director assumes office.

Other than the circumstances referred to in the preceding paragraph, the resignation of a director shall become effective upon submission of his resignation report to the Board.

Article 158 Upon a director's resignation becoming effective or at the expiry of his office, the director shall complete all handover procedures with the Board, and his fiduciary obligations to the Company and the shareholders shall not necessarily cease after the termination of tenure and shall remain effective within one (1) year after the termination of tenure.

Article 159 No directors shall act, in their personal capacity, on behalf of the Company or the Board if not provided in these Articles of Association or appropriately authorised by the Board. A director shall, when acting in his personal capacity, state his standing and identity in advance whenever a third party may reasonably believe that the said director is acting on behalf of the Company or the Board.

Article 160 A director who violates any laws, administrative regulations, rules of regulatory authorities or these Articles of Association during the course of performing his duties shall be liable for indemnification to any loss so caused to the Company.

## **Section 2 The Board**

Article 161 A Board of Directors of the Company shall be established to report to the Shareholders' general meeting.

Article 162 The Board shall consist of eight (8) members, including one Chairman, one Vice Chairman and three (3) independent directors.

Article 163 The Board shall exercise the following authority and powers:

- (1) to convene general meetings and report to the meetings;
- (2) to implement the resolutions passed at general meetings;
- (3) to determine the Company's business plans and investment schemes;
- (4) to prepare the Company's annual financial budget and final accounts;
- (5) to formulate the Company's profit distribution plan and loss recovery plan;
- (6) to formulate proposals for increases or reductions of the Company's registered capital and for the issuance and listing of corporate bonds or other securities;
- (7) to draft plans for material acquisition, share repurchase, merger, division, dissolution or change in corporate form;

- (8) to determine matters relating to the Company's external investment, asset acquisition and disposal, asset mortgage, external guarantee, asset management mandate and connected transaction within the authorisation of the general meeting;
- (9) to determine the establishment of the Company's internal management structure;
- (10) to appoint or dismiss the Company's President and the secretary of the Board; and pursuant to the president's nominations, to appoint or dismiss senior officers including vice presidents and chief financial officer of the Company and to decide on their remuneration, rewards and penalties;
- (11) to formulate the Company's basic management system;
- (12) to formulate the proposed amendments to these Articles of Association;
- (13) to deal with information disclosures of the Company;
- (14) to propose to the general meeting for appointment or replacement of the accounting firms serving as the auditors of the Company;
- (15) to receive work report submitted by the president and to review his performance;
- (16) to evaluate and determine the nature and extent of risks the Company is willing to take in achieving its strategic objectives, and to ensure that the Company establishes and maintains appropriate and effective risk management and internal control systems;
- (17) to supervise the management on the design, implementation and monitoring of the risk management and internal control systems;
- (18) to exercise other duties and powers specified in the laws, administrative



- (3) to sign share certificates, debentures and other quote securities of the Company;
- (4) to sign important documents of the Board and other documents which should be signed by the Company's legal representative;
- (5) to exercise the authority and powers of a legal representative;
- (6) to exercise special discretionary power on corporate affairs in accordance with laws and in the Company's interests in case of emergency situations such as the occurrence of natural disasters of an exceptional scale and other force majeure events, and provide aftermath reports to the Board and shareholders' general meeting;
- (7) other duties and powers as authorised by the Board.

Article 172 The Vice Chairman shall assist the Chairman in performing his duties. If the Chairman is unable or fails to perform his duties, such duties shall be performed by the Vice Chairman. If the Vice Chairman is unable or fails to perform his duties, a director shall be elected jointly by more than half of all directors to perform such duties.

Article 173 Board meetings shall be held on a regular basis. The Board shall at least hold four (4) regular meetings each year. Board meetings shall be convened by the Chairman and written notice of the meeting shall be served on all directors and supervisors fourteen (14) days before the date of the meeting.

Article 174 An ad hoc meeting of the Board shall be convened and presided over by the Chairman within ten (10) days upon his receipt of a request for meeting under any of the following circumstances:

- (1) if deemed necessary by the Chairman;
- (2) if proposed by shareholders representing more than 10% of the voting rights;
- (3) if jointly proposed by more than 3 directors;
- (4) if proposed by the Supervisory Committee;
- (5) if proposed by the President;
- (6) if jointly proposed by more than half of the independent directors.

Article 175 The form of notice of convening an extraordinary meeting of the Board shall be as follows: written notice of meeting shall be served on all directors and supervisors five (5) days before the date of the extraordinary meeting of the Board.

Article 176 A notice of board meeting shall set out the following information:

- (1) date and venue of the meeting;
- (2) duration of the meeting;
- (3) reason to convene such meeting and business to be discussed;
- (4) date of the notice.

Article 177 Meetings of the Board shall be held only if more than five (5) directors are present. Resolutions of the Board must be passed by more than half of all directors (more than five (5) directors). Matters relating to external guarantee to be considered at a meeting of the Board under the authority given by the shareholders' general meeting shall be passed by two-thirds of the directors (more than six directors).

Each director shall have one (1) vote in respect of each resolution of the Board.

Article 178 When a director is considered a connected person of the enterprise involved in a resolution of the Board, such director shall refrain from voting on such resolution nor can he/she exercise any voting rights on behalf of others directors. The meeting may be held if it is quorated by more than one half of the unconnected directors. Resolutions of the board meeting shall be passed by more than one half of the unconnected directors. If the number of unconnected directors present at the board meeting is less than three, such matter shall be put forward to a shareholders' general meeting for discussion and consideration.

Article 179 As long as all directors can fully express their opinions, an extraordinary board meeting may be held by way of communication (such as videophone, telephone conference and facsimile), and resolutions passed shall be signed by all participating directors and kept by the secretary of the Board of Directors.

Article 180 Directors shall attend board meetings in person. If a director cannot attend board meeting due to whatever reasons, he/she may appoint another director in writing to attend on his/her behalf. The form of entrustment shall state the name of the proxy, the relevant matter to be entrusted, scope of authorization and validity period and shall be signed or sealed by the appointor. The director attending the meeting on other's behalf shall exercise his/her rights within the scope of authorisation. If a director cannot attend a board meeting and fails to appoint a proxy to attend the meeting on his behalf, the director shall be deemed to have waived his/her voting right at that meeting.

An independent director can entrust another independent director to attend board meetings on his behalf, but each board meeting shall be attended by at least two independent directors.

Article 181 The vote on board resolutions shall be taken by way of registered poll. Each director shall have one (1) vote.

Article 182 Minutes shall be taken for decisions made on matters discussed at the meeting and directors attending the meeting, secretary to the Board and the person taking the minutes shall sign on the minutes. Directors attending the meeting shall have the right to request to record in the minutes details of the statements made by them at the meeting. The minutes of board meetings shall be kept by the secretary of the Board for a period of not less than ten (10) years.

Article 183 The minutes of board meetings shall include the following:

- (1) date and venue of the meeting and the name of the convenor;
- (2) names of the attending directors and names of those appointed by others to attend the board meeting;
- (3) agenda of the meeting;
- (4) main points of the statements of directors;
- (5) the method and results of voting for each resolution (the voting results shall clearly state the number of votes for or against the resolution or abstention).

Article 184 Directors shall sign on board resolutions and shall be accountable for the board resolutions. If a board resolution violates the laws, administrative regulations or these Articles of Association thus causing losses to the Company, the directors participating in the resolutions shall be liable to compensate the Company for the losses. However, if it is verified that a director had stated his/her objection when voting and the same was recorded in the minutes, such director may be exempted from such liability.

### **Section 3 Independent Director(s)**

Article 185 The Company shall have three independent directors. And at least one of them shall have appropriate professional qualifications or accounting or related accounting management expertise.

Independent directors refers to directors who assume no other office except as a director in the Company, and have no relationship with the Company and substantial shareholders which may hinder his/her independent and objective judgment.

Article 186 Independent directors shall have the duty to act in good faith and conduct due diligence for the benefit of the Company and all its shareholders. An independent director shall exercise his/her duties seriously to protect the interests of the Company as a whole, especially protecting the legal interests of minority shareholders from being infringed in accordance with the requirements of relevant laws and regulations.

Article 187 An independent director shall perform his duties independently and not be affected by the Company's substantial shareholders, de facto controller or other entities or individuals that is interested in the listed Company.

Article 188 Independent directors to be appointed shall satisfy the following fundamental requirements:

- (1) to be qualified for directors of listed companies as provided in laws, administrative regulations and other relevant regulations;
- (2) to be independent as required by administrative regulations and other relevant regulations;
- (3) to be in command of the basic knowledge of the operation of a listed companies, and be familiar with relevant laws, administrative regulations, and regulations and rules;
- (4) having at least five (5) years of work experiences in legal, economic areas or other experiences indispensable for performing the duties as independent directors;
- (5) other conditions provided by these Articles of Association; and
- (6) to meet the requirements for the qualification of an independent director as prescribed in the Hong Kong Listing Rules.

Article 189 Independent directors shall be independent. The following persons shall not act as independent directors:

- (1) the employees of the Company or its subsidiaries, and their lineal relatives and major social connections (lineal relatives refer to spouses, parents and children, and the major social connections refer to brothers and sisters, parents-in-law, daughters-in-law, sons-in-law, spouses of brothers and sisters, and brothers and sisters of spouses);
- (2) the natural person shareholders directly or indirectly holding more than 1% of issued shares of the Company or any of the ten largest shareholders of the Company and their lineal relatives;
- (3) persons who holds a position in the shareholders directly or indirectly holding more than 5% of issued shares of the Company or any of the five largest shareholders of the Company and their lineal relatives;
- (4) persons who, at any time during the immediately preceding period of one year, have fallen into any of the three categories listed above;
- (5) persons providing financial, legal and consultation services to the Company or its subsidiaries;
- (6) other persons specified by these Articles of Association; and
- (7) other persons as prescribed by the China Securities Regulatory Commission.

Article 190 The Board of Directors, the supervisory committee, or shareholders individually or jointly holding more than 1% of issued shares of the Company are entitled to nominate independent directors to be elected at the general meetings.

Article 191 Nominator(s) of independent directors shall obtain the consent of the nominee prior to any nomination. The nominator shall acquire all the personal particulars of his/her nominee as to their profession, education, job position, detailed work experiences, and all part time jobs, and comment on their qualifications and independence for the post of independent directors. The nominee shall make announcement that they have no relationship with the Company as to hinder its independent and objective judgment.

Prior to the general meeting for independent directors' election, the Board of Directors of the Company shall make announcement regarding the above matters pursuant to the regulations.

Article 192 At the time when the Company issues the notice of the shareholders' general meeting convened for the election of independent directors, the Company shall submit the relevant information of all nominees (including, but not limited to, the nominator's declaration, the candidate's declaration, and the independent director's biographical details) to Shenzhen Stock Exchange. In the case that the Board of Directors has objection to the relevant information on the nominees, a written opinion of the Board of Directors shall be also submitted.

In accordance with the "Guidelines of China Securities Regulatory Commission for Establishing Independent Directors System in Listed Companies", Shenzhen Stock Exchange may review the qualification and independence of the candidate within 15 working days from the day the abovementioned information are received. In the event that the candidate is objected by Shenzhen Stock Exchange, the Company shall immediately amend relevant proposals for election of independent directors and publish an announcement, and shall not propose such candidate to the shareholders' general meeting for election of independent directors, but such candidate is eligible for election as a director.

Article 193 When holding a shareholders' general meeting for the election of independent directors, the Board of Directors of the Company shall clarify whether the candidate has been objected by the stock exchange.

Article 194 The term of office of the independent directors shall be the same as the directors for each session, and they may be re-appointed consecutively on expiration, however, they shall not be re-appointed for two consecutive sessions or more.

Upon expiration of two sessions of the term of office, the independent directors may continue to act as directors rather than independent directors.

Article 195 Apart from performing the general duties as a director, the independent directors shall issue their independent opinions to the Board of Directors of the Company or general meetings in respect of the following matters:

- (1) nomination, appointment and removal of directors;
- (2) appointment or removal of senior management member;
- (3) remuneration of directors and senior management member of the Company;
- (4) borrowings or other fund transfers, existing or newly occurred, made between the Company and the shareholders, de facto controllers of the Company and their related enterprises involving the amounts of more than RMB3 million or 5% of the latest audited net assets value of the Company and whether the Company has adopted any effective measures to recover the debts;
- (5) any matter deemed by independent directors as possibly prejudicing the interests of minority shareholders;
- (6) to make a specific statement in the annual reports on the accrual and current external guarantees of the Company and the implementation of relevant provisions and express their independent opinions therein;
- (7) to give an independent opinion on the Board's not making a cash profit distribution proposal; and
- (8) other matters specified in these Articles of Association.

Independent Directors shall make any of the following opinions in respect of the abovementioned matters: consent; qualified opinion and the reasons hereto; adverse opinion and the reasons hereto; unable to present opinions and the obstacles hereto.

Article 196 In the case that relevant matters are discloseable, the Company shall make announcement for the opinion of the independent directors. In case that the opinions of the independent directors are so diversified that no consensus is reached the Board of Directors shall disclose the opinions of each of independent directors respectively.

Article 197 The independent Directors shall attend the Board meeting as scheduled, understand the Company's production and operation, and actively investigate and obtain the conditions and information necessary for decision-making.

The independent directors shall submit the annual report to the Company's annual general meeting to state the performance of their duties.

Article 198 In addition to the powers conferred by laws and administrative regulations, the Company shall grant the following special powers to the independent directors:

- (1) Substantial connected transactions (representing the connected transactions proposed to be entered into between the Company and a connected person with an amount exceeding RMB3,000,000 or 5% of the Company's latest audited net assets value) shall be approved by independent directors before submission to the Board of Directors of the Company for consideration;

Prior to their judgment, independent directors may appoint the intermediary to issue the report of independent financial adviser as the basis for their judgment.

- (2) to propose to the Board of Directors of the Company for the appointment or removal of accounting firms;
- (3) to propose to the board of directors of the Company to convene extraordinary general meetings;
- (4) to propose to convene the board meetings;
- (5) to engage independently external auditors and advisers;
- (6) to publicly obtain the rights to vote from the shareholders prior to the general meetings.

To exercise the above mentioned powers, the independent director(s) shall obtain the consent of more than half of the independent directors of the Company.

Where any such proposal is not adopted or any such power cannot be exercise normally, the Company shall disclose the relevant information.

Article 199 Upon unanimous consent of all the independent directors, independent directors may appoint external auditing and consulting agencies independently to provide auditing or consulting services on any specific matter of the Company at the expense of the Company.

Article 200 The Company shall provide all the necessary conditions to the independent director:

- (1) The Company shall ensure that independent directors are entitled to the same right to information as other directors. For the matters required to be decided by the Board of Directors, the Company shall advise the independent directors in advance within stipulated time and provide them with adequate information. If the independent directors think that the said information is insufficient, the independent directors are entitled to request supplement information. Where two or more independent directors are of the view that the information is insufficient or the demonstrations are not specific, they may jointly propose in writing to the Board of Directors to postpone the meeting of the board or the discussion of the matter in question, and the Board of Directors is obliged to accept such proposal. The information provided by the Company to the independent directors shall be kept by the Company and the independent directors for a period no less than five (5) years.

- (2) The Company shall provide the independent directors with the necessary working conditions to perform their duties. The secretary to the Board of Directors of the Company shall assist the independent directors in the performance of their duties including but not limited to the provision of briefing and materials. The secretary to the Board of Directors shall undergo relevant procedures in respect of the announcement at Shenzhen Stock Exchange in due course in relation to the independent opinion, proposals and written statement required to be announced.
- (3) When the independent directors are performing their duties, employees of the Company shall cooperate with them practically and shall not refuse, obstruct, or conceal or interfere with the exercise of their powers independently.
- (4) Expenses regarding engaging intermediaries by the independent directors or other expenses necessary for exercise of their powers shall be borne by the Company.
- (5) The Company shall pay the independent directors subsidies of appropriate sums. The standards of the said subsidies shall be proposed by the Board of Directors of the Company and approved by the general meeting and shall be disclosed in the annual report of the Company. Apart from the above mentioned subsidies, the independent directors shall not acquire other additional and undisclosed interests from the Company and its substantial shareholders or institutions and officers of common interests with the Company.
- (6) The Company shall establish the insurance mechanism for independent directors to minimize risks possibly incurred by normal performance of the duties of the independent directors.

Article 201 Independent directors shall convene meeting of the independent directors at least once (1) each year to exchange working experiences, summarize experiences and lessons and probe into working ideas.

Article 202 Independent directors have not personally attended meeting of directors thrice consecutively, the Board of Directors shall recommend the shareholders' general meeting to remove such independent director.

Article 203 Save as stated above and the provisions of these Articles of Association provide for the conditions when an independent director shall not be an independent director, an independent director shall not be removed before the expiry of his term. In the case of any early removal, the Company shall make a special disclosure thereof. Any removed independent director who thinks that the Company has not any proper reason to remove him may make public statement.

Article 204 Any independent director may resign before the expiry of his/her terms. A resigning independent director shall deliver his/her written notice of resignation to the Board of Directors, and shall make a statement on any conditions related to his/her resignation or conditions which he/she considers the shareholder and creditor of the Company shall be brought to attention.

If the proportion of independent directors of the Board of Directors of the Company falls below the minimum statutory requirement as provided in relevant regulations as a result of the resignation of independent director, the resignation report of such independent director shall only be effective upon his vacancy is filled by the newly appointed independent director.

Article 205 Shareholders individually or jointly hold more than 1% of shares of the Company may challenge the independent director or propose removal against the said independent director in the belief that the said independent director has no qualification or competency to exercise his/her duties or fail to perform his/her duties or fail to safeguard the legal interests of the Company and the middle and small investors therein. The independent director questioned shall responsively make explanation and disclosure about the inquiry. The Board of Directors of the Company shall, upon receipt of the relevant inquiry or proposed removal, responsively hold a special meeting for discussion, and disclose the results thereof.

#### **Section 4 Secretary to the Board**

Article 206 The Board shall have a secretary to the Board, who shall be a senior management member and report to the Board.

Article 207 The secretary to the Board shall have necessary professional expertise and related work experience, be familiar with corporate operations, have at least a college degree with a major in banking, securities, finance, accounting, law or business management, have good professional ethics and personal quality and obtain a Board Secretary Qualification Certificate issued by Shenzhen Stock Exchange, and shall be appointed by the Board of Directors of the Company.

Article 208 A person who falls within any of the following circumstances shall not serve as the secretary to the Board:

- (1) any of the circumstances specified in Article 148 hereof;
- (2) has been subject to any administrative penalty or criticism by the CSRC in last 3 years;
- (3) has been publicly reprimanded or criticized more than 3 times by any stock exchange in last 3 years;
- (4) is an existing supervisor of the Company;
- (5) any other circumstances that Shenzhen Stock Exchange considers such person being unsuitable to serve as the secretary to the Board of Directors.

Article 209 The primary duties of the secretary to the Board are:

- (1) to be responsible for the communication and liaison between the Company and the related parties and Shenzhen Stock Exchange and other securities regulatory authorities, to ensure that Shenzhen Stock Exchange can have an established working contact with the Company at any time;
- (2) to be responsible for dealing with the disclosure of corporate information, to urge the Company to develop and implement a system of information disclosure and an internal reporting system of material information in order to facilitate the Company and the related parties in carrying out their information disclosure obligations according to the relevant laws, and handle disclosure of the regular reports and the extraordinary reports to Shenzhen Stock Exchange in accordance with the relevant requirements;
- (3) to coordinate and manage the relationship between the Company and its investors, to play host to investors' visits, to answer investors' enquiries, and to provide investors with access to information disclosed by of the Company;
- (4) to prepare Board meetings and general meetings in accordance with the legal procedures, and to prepare and submit the documents to be considered for the relevant meetings;
- (5) to participate in board meetings and produce signed minutes of meetings;
- (6) to be responsible for the confidentiality of corporate information prior to its disclosure, to draw up relevant confidentiality measures, to procure all members of the Board of Directors of the Company and relevant informed persons to keep information in confidentiality prior to its disclosure, and to take timely remedial measures upon leaks of insider information and to report the same to Shenzhen Stock Exchange;
- (7) to be responsible for keeping the Company's register of members and directors, as well as the information about the holding of shares in the Company by the major shareholders, directors, supervisors and senior management personnel, and the documents and minutes of Board meetings and general meetings and so on;
- (8) to assist the directors, supervisors and senior management personnel to understand relevant laws, administrative regulations, rules, other regulatory documents and these Articles of Association, as well as their legal responsibilities under the listing agreement;
- (9) to procure the Board to exercise its duties and powers lawfully; to alert directors of any potential violation of the laws, administrative regulations, rules, other regulatory documents and these Articles of Association that a board resolution intended to be made at a meeting of the Board may cause, and to seek the views of the attending supervisors in this respect; if the aforesaid resolution is insisted upon by the Board, the secretary to the Board shall record the views of supervisors and individuals in the minutes, and promptly report to Shenzhen Stock Exchange;

- (10) to discharge such other duties as provided by the relevant laws, administrative regulations and other regulatory documents.

Article 210 The Company shall take an active role in establishing an adequate system of investor relationship management and enhancing communications between the Company and its shareholders, especially its public shareholders, through various channels. The secretary to the Board shall be responsible for the management of investor relationships of the Company.

Article 211 For the purpose of exercising his/her duties and functions, the secretary to the Board is entitled to access the financial situation and business operation of the Company, to attend relevant meetings involving information disclosure, to consult all documents related to information disclosure, to request relevant departments and staffs of the Company to provide relevant documents and information at an appropriate time. If the secretary to the Board encounters improper or significant interruption when performing his duties, he/she may report directly to Shenzhen Stock Exchange.

Article 212 The Company shall submit relevant information on the candidate of the secretary to the Board to Shenzhen Stock Exchange in five business days prior to the meeting for election of the secretary to the Board. If Shenzhen Stock Exchange raises no objection within five business days after it receives such information, the Board of Directors may appoint such person.

Article 213 A director or other senior management personnel of the Company may concurrently serve as the secretary to the Board. No accountant of the accounting firm or attorney of law firm engaged by the Company shall concurrently serve as the secretary to the Board.

Where a director concurrently serves as the secretary to the Board and a certain act needs to be done by directors and the secretary to the Board respectively, he shall not do the act in his double capacities.

Article 214 The secretary to the Board shall be nominated by the chairman of the Board, and be appointed or removed by the Board of Directors.

The removal of the secretary to the Board shall have a good reason and shall not be unfair.

Upon removal of the secretary to the Board by the Company or resignation of the secretary to the Board, the Company shall promptly report to Shenzhen Stock Exchange to explain the reasons and publish an announcement thereof.

The secretary to the Board shall be entitled to submit a personal statement in respect of unfair removal by the Company or his/her resignation to Shenzhen Stock Exchange.

Article 215 The secretary to the Board shall be dismissed by the Company within one month from the date of the occurrence of one of the following circumstances:

- (1) any circumstance as stipulated under Article 208 hereof;
- (2) non-performance of duties for over three consecutive months;
- (3) significant errors and malpractice in the performance of his duties, causing material losses to investors;
- (4) violation of laws, administrative regulations, rules, other regulatory documents or these Articles of Association, causing material losses to investors.

Article 216 The Company shall appoint a secretary to the Board within three (3) months after the resignation of the former secretary to the Board.

During any vacancy in such office, the Board shall designate a director or senior management personnel to perform the duties of the Secretary to the Board, and be subject to filing with Shenzhen Stock Exchange, and determine a new secretary to the Board as soon as practicable. Prior to designation of a person to act as secretary to the Board, the Chairman shall perform the duties of the secretary to the Board.

Under special circumstances where the vacancy of the secretary to the Board has lasted for more than three months, the chairman of the Board shall take the office of the secretary to the Board till an official appointment of the secretary to the Board is made by the Company.

Article 217 In addition to the appointment of the secretary to the Board, the Company shall appoint a securities affairs representative to assist the secretary to the Board to perform his/her duties. When the secretary to the Board is unable to implement his/her duties, the securities affairs representative shall implement his/her duties and execute his/her power on his/her behalf. Under the circumstances aforesaid, the responsibility of the secretary to the Board in respect of information disclosure shall not be automatically waived.

A securities affairs representative shall have attended the Board Secretary Qualification Certificate Training Course organized by Shenzhen Stock Exchange and shall obtain a Board Secretary Qualification Certificate.

### **Section 5 Special Committees under the Board of Directors**

Article 218 The Board of Directors of the Company may set up several special committees, including the Strategy Committee, the Remuneration and Appraisal Committee, the Audit Committee, etc., so as to assist the Board in the execution of its duty, or give recommendations or advices on the decisions of the Board under the leadership of the Board. All such committees shall consist of directors. The majority of the members of the Remuneration and Appraisal Committee and the Audit Committee shall be independent directors, who shall convene the meetings of such committees. The Audit Committee shall consist of at least three members, while the convenor thereof shall have expertise in accounting.

Article 219 The main function of the Strategy Committee is to do research and make proposals on the long-term development strategy and major investment decisions of the Company.

Article 220 The main functions of the Remuneration and Appraisal Committee are:

- (1) to study and formulate the appraisal standards for senior management personnel, conduct such appraisal and propose the remuneration policy and plan;
- (2) to make recommendations for the appraisal standards and the remuneration policy and plan for directors as well as appraisal for directors; and
- (3) other matters authorized by the Board of Directors.

Article 221 The main functions of the Audit Committee are:

- (1) to monitor and assess the performance of the external auditing job, to make proposals regarding the appointment or replacement of the external auditor;
- (2) to supervise the internal audit system of the Company and its implementation;
- (3) to be responsible for the communication between the external auditing and the internal auditing;
- (4) to examine the financial information of the Company and the disclosure thereof;
- (5) to examine the Company's risk management and internal control systems;
- (6) matters relating to laws and regulations and these Articles of Association and other matters authorized by the Board of Directors.

Article 222 Each of the special committees can engage intermediaries to provide professional advice for its decision-making, and the relevant expenses shall be borne by the Company.

Article 223 The special committees shall report to the Board of Directors and their proposals shall be submitted to the Board of Directors for examination and approval.

## **Chapter 7 President and Other Senior Management Personnel**

Article 224 The Company shall have one president, who shall be appointed or removed by the Board of Directors. A director may be appointed to act concurrently as president, vice president or other senior management member, but the number of directors acting concurrently as president, vice president or other senior management personnel shall not exceed four.

The Company shall have no more than six (6) vice presidents who shall be appointed and removed by the Board of Directors based on the nominations of the President.

Article 225 The circumstances defined in Article 148 hereof with respect to disqualified directors of the Company are applicable to the President and other senior management personnel of the Company.

Requirements set out in Article 153 hereof with respect to the directors' duty of good faithfulness and the requirements set out in Article 154(4) to (6) hereof with respect to the directors' obligations of integrity and diligence shall also be applicable to the President and other senior management personnel.

Article 226 A person holding other duties other than directorship in any entity of the Company's controlling shareholders and de facto controllers shall not hold the office of a senior management member of the Company.

Article ~~226~~ Article 226

- (9) to design, implement and monitor the risk management and internal control systems of the Company;
- (10) to be accountable to the Board for ensuring the effectiveness of the risk management and internal control systems;
- (11) to propose to convene an interim meeting of the Board of Directors; and
- (12) other duties and powers authorized by these Articles of Association and the Board of Directors.

Article 229 The President shall be present at the meetings of the Board of Directors, but a non-director president shall not have the voting rights at such meetings.

Article 230 The President shall report to the Board of Directors or Supervisory Committee on the execution and implementation of any material contract or the use of funds and the profits and losses of the Company at the request of the Board of Directors or Supervisory Committee. The President shall ensure the truthfulness of such reports.

Article 231 In handling issues relating to the remuneration, benefits, safety production and labor protection, insurance, removal (or expulsion) of employees of the Company, the President shall first consult with the trade union or the employee representatives meeting.

Article 232 The President shall formulate detailed working rules for the President and submit the same to the Board of Directors for approval and, upon such approval, implement such rules.

Article 233 The detailed working rules formulated for the President shall include the following:

- (1) conditions and procedures for convening and participants of the President's meetings;
- (2) specific duties of the President, vice president and other senior management personnel;
- (3) the use of funds and assets of the Company, authority to enter into material contracts and systems for reporting to the Board of Directors and Supervisory Committee; and
- (4) other matters as deemed necessary by the Board of Directors.

Article 234 The President may resign prior to the expiration of his term of office. The detailed procedures and methods for the President's resignation shall be set out in the service contract entered into between the President and the Company.

Article 235 The President and other senior management personnel shall be liable for any losses caused to the Company by their breach of any law, regulation, rule or these Articles of Association in performing their duties on behalf of the Company.

## **Chapter 8 Supervisory Committee**

### **Section 1 Supervisors**

- Article 236 The circumstances stipulated in Article 148 of these Articles of Association under which a person shall not act as a director of the Company shall also be applicable to supervisors of the Company.
- Article 237 Directors, the president and other senior management personnel of the Company shall not serve concurrently as supervisors.
- Article 238 The supervisors shall abide by the laws, administrative rules and these Articles of Association. They shall perform the obligations faithfully and diligently and discharge the supervisory duties in good faith. They shall not abuse their authority of office to obtain bribes or other illegal income and not misappropriate the property of the Company.
- Article 239 Each Supervisor shall serve for a term of three years. Supervisors who are Shareholders shall be elected or replaced by the shareholders' general meeting and supervisors who are employees shall be democratically elected or replaced by the Company's employees. The term is renewable upon re-election and re-appointment.
- Article 240 Any Supervisor who fails to attend Supervisory Committee meetings in person two times consecutively, shall be deemed non-performance of duties and shall be removed and replaced by the shareholders' general meeting or the general meeting of employees' representatives.
- Article 241 A supervisor may resign before the expiry of his tenure. The provisions regarding resignation of directors stipulated in Chapter 6 of these Articles of Association shall be applicable to supervisors.
- Article 242 In the event that the term of a supervisor falls upon maturity whereas new member of the supervisory committee is not re-elected in time or the resignation of any supervisor results in the number of members of the supervisory committee falling below the quorum, the existing supervisor shall continue to perform his duties in accordance with laws, administrative regulations and these Articles of Association until the re-elected supervisor assumes office.
- Article 243 Supervisors shall ensure the truthfulness, accuracy and completeness of the information disclosed by the Company.
- Article 244 Supervisors may attend board meetings as non-voting participants, and make enquiry or suggestion regarding matters to be resolved thereat.
- Article 245 Supervisors shall not use their relationship to prejudice the Company's interests, and shall be liable for indemnification to any loss so caused to the Company.
- Article 246 A supervisor who violates any laws, administrative regulations, rules of regulatory authorities or these Articles of Association during the course of performing his duties shall be liable for indemnification to any loss so caused to the Company.

## **Section 2 Supervisory Committee**

Article 247 The Company shall establish a supervisory committee. The supervisory committee shall comprise three supervisors, including a chairman, and the election or removal of whom shall be determined by the affirmative votes of two-thirds or more of the members of the supervisory committee.

Meetings of the supervisory committee shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee is incapable of performing or fails to perform his/her duties, a supervisor elected by not less than half of the supervisors shall convene and preside over supervisory committee meetings.

Article 248 The supervisory committee shall consist of two (2) shareholder representatives and one employee representative. Supervisors representing shareholders shall be elected or removed by the shareholders' general meeting, while the supervisor representing employees shall be democratically elected or removed by the Company's employees at the general meeting of employees' representatives, employees' assembly or by other form of democratic election.

Article 249 The supervisory committee shall be accountable to the general meeting and perform the following duties and powers in accordance with laws:

- (1) to review and provide written opinions on the regular reports of the Company prepared by the Board;
- (2) to examine the Company's financial affairs;
- (3) to supervise the work of directors and senior management personnel and to propose removal of directors and senior management personnel who have violated laws, administrative regulations, these Articles of Association or resolutions of general meetings;
- (4) to demand rectification by directors and senior management personnel when the acts of such persons are harmful to the Company's interest;
- (5) to examine financial information such as the financial report, business report and profit distribution plan to be submitted by the Board to the shareholders' general meetings and, in case of doubt, to engage certified public accountants and practising auditors in the name of the Company to assist in the re-audit;
- (6) to propose to convene an extraordinary general meeting, and where the Board fails to perform the duties in relation to convening or presiding over a shareholders' general meeting as required by the Company Law, to convene and preside over the shareholders' general meeting;
- (7) to put forward proposals to general meetings;
- (8) to take legal actions against directors and senior management personnel in accordance with Article 152 of the Company Law;

- (9) to conduct investigations whenever unusual conditions of operation of the Company arises and if necessary, to engage professional institutions such as firms of accountants and lawyers to assist in the investigations at costs of the Company;
- (10) other duties and powers specified by these Articles of Association.

Article 250 The supervisory committee shall meet at least once in every six (6) months and notice of the meeting shall be sent to all supervisors in writing 10 days before convening the meeting.

Article 251 Supervisors may propose the convening of an extraordinary meeting of the supervisory committee. Any resolution of the supervisory committee shall be passed by affirmative votes of two-thirds or more of the members of the supervisory committee.

Article 252 The supervisory committee shall formulate the rules of procedures for the supervisory committee, specifying the consideration method and voting procedures of meetings in order to ensure its work efficiency and proper decision making.

The rules of procedures for the supervisory committee as an appendix to these Articles of Association shall be formulated by the supervisory committee, subject to approval by the general meeting.

Article 253 When performing its duties, the supervisory committee may, where necessary, engage professional institutions such as law firms or accounting firms to render assistance, any costs so incurred shall be borne by the Company.

Article 254 The notice of meeting of the supervisory committee shall include:

- (1) date and venue of the meeting and meeting period;
- (2) reasons of and matters to be proposed to the meeting for consideration;
- (3) date of the notice.

### **Section 3 Resolutions of the Supervisory Committee**

Article 255 Resolutions of the supervisory committee shall be subject to the approval of more than half of all supervisors by voting.

Article 256 At meetings of the supervisory committee, votes shall be cast through a show of hands.

Article 257 The supervisory committee shall enter the matters considered into the minutes of the meeting. Supervisors attending the meeting and the person who takes the minutes shall sign on the minutes of the meeting. Each supervisor shall have the right to request that an explanation of his statement made at the meeting be recorded in the minutes. The minutes of supervisory committee meetings shall be maintained as corporate archives by the secretary to the Board for a period of 10 years.

## **Chapter 9 Obligations of Directors, Supervisors, President and Other Senior Management Personnel of the Company**

- Article 258 The validity of an act of directors, the president and other senior management personnel on behalf of the Company is not, via-a-vis a bona fides third party, affected by any irregularity in their office, election or qualification.
- Article 259 In addition to the obligations required by the laws, administrative regulations or the listing rules of the stock exchange(s) on which the Company's shares are listed, directors, supervisors, president and other senior management personnel of the Company shall, in performing duties and powers conferred by Company, take the following obligations towards each shareholder:
- (1) not to cause the Company to go beyond the scope of business stipulated in its business license;
  - (2) to act honestly in the best interests of the Company;
  - (3) not to expropriate in any guise the Company's property, including but not limited to usurpation of opportunities advantageous to the Company;
  - (4) not to expropriate the individual rights of shareholders, including but not limited to rights to distribution and voting rights, save pursuant to a restructuring of the Company submitted to the shareholders' general meeting for approval in accordance with these Articles of Association.
- Article 260 In excising rights or fulfilling obligations, directors, supervisors, president and senior management personnel of the Company have the duty to act with due discretion, diligence and skills as a reasonable discreet person should do in similar circumstances.
- Article 261 In performing their duties, directors, supervisors, president and senior management personnel of the Company shall follow the principle of good faith and shall not put themselves in a situation where their own interests may conflict with their obligations. This principle shall include (but not limited to) the fulfilment of the following obligations:
- (1) to act honestly in the best interests of the Company;
  - (2) to exercise powers within the terms of reference without ultra vires;
  - (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of any other party; unless and to the extent permitted by laws, administrative regulations or with the consent of informed shareholders at a general meeting, not to delegate the exercise of his discretion;
  - (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
  - (5) unless otherwise stipulated in these Articles of Association or otherwise consented by informed shareholders at a general meeting, not to enter into any contract, transaction or arrangement with the Company;

- (6) without the consent of informed shareholders at a general meeting, not to use the Company's property for his own benefits;
- (7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including but not limited to usurpation of opportunities advantageous to the Company;
- (8) without the consent of informed shareholders at a general meeting, not to accept commissions in connection with any of the Company's transactions;
- (9) to abide by these Articles of Association, perform his official duties faithfully and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private benefits;
- (10) not to compete with the Company in any way unless with the informed consent of shareholders given in shareholders' general meeting;
- (11) not to misappropriate the Company's funds or lend such funds to others, not to open accounts in his own name or other names for the deposit of the Company's assets and not to provide a guarantee for debts of a shareholder of the Company or other individual(s) with the Company's assets;
- (12) unless otherwise permitted by informed shareholders at a general meeting, not to disclose the information acquired by him in confidentiality during his tenure; not to use such information other than in furtherance of the interests of the Company, save and except that disclosure of such information to the court or other competent government authorities is permitted in any of the following circumstances:
  - (i) when so prescribed by the laws;
  - (ii) when public interests so require;
  - (iii) when so required for the own interests of the director, supervisor, president or other senior management.

Article 262 A director, supervisor, president and any other senior management personnel of the Company shall not cause the following persons or institutions ("associates") to do what he is prohibited from doing:

- (1) the spouse or minor children of that director, supervisor, president and other senior management personnel;
- (2) a person acting in the capacity of a trustee of that director, supervisor, president and other senior management personnel or any person referred to in sub-paragraph (1) of this Article;
- (3) a person acting in the capacity of partner of that director, supervisor, president and other senior management personnel or any person referred to in sub- paragraphs (1) and (2) of this Article;

- (4) a company in which that director, supervisor, president and other senior management personnel, either individually or jointly with one or more personnel referred to in sub-paragraphs (1), (2) and (3) of this Article or other directors, supervisors, president and other senior management personnel, has a de facto controlling interest;
- (5) directors, supervisors, president and other senior management personnel of the controlled company referred to in sub-paragraph (4) of this Article.

Article 263 The fiduciary duties of directors, supervisors, president and other senior management personnel of the Company shall not be necessarily ceased with the termination of their tenures. The duty of confidentiality in relation to trade secrets of the Company shall survive upon termination of their tenures. Other duties may continue for such period as fairness may require depending on the time lapses between the termination and the act concerned and the circumstances and conditions under which the relationships with the Company are terminated.

Article 264 Except as provided in Article 61 hereof, directors, supervisors, president and any other senior management personnel of the Company may be relieved of liability for breaches of specific duties by the consent of informed shareholders at a general meeting.

Article 265 Where a director, supervisor, president and any other senior management personnel of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than an employment contract of a director, supervisor, president and any other senior management personnel with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the relevant issues shall be subject to approval of the Board under normal circumstances.

Subject to the exceptions as stipulated in these Articles of Association, a director shall not vote on any resolution of the Board in respect of any contract or arrangement or any other proposal in which he or any of his associates is materially interested; and he shall not be counted in the quorum of the relevant meeting.

Unless an interested director, supervisor, president and other senior management personnel has disclosed his interests to the Board in accordance with the first paragraph of this Article and the contract, transaction or arrangement was approved by the Board at a meeting at which such interested director, supervisor, president or other senior management personnel was not counted in the quorum and abstained from voting, the contract, transaction or arrangement is voidable at the instance of the Company, except as against a bona fide party thereto acting without being aware of the breach of duty by the interested director, supervisor, president or other senior management personnel.

A director, supervisor, president and other senior management personnel of the Company shall be deemed to be interested in a contract, transaction or arrangement in which any of his associates is interested.

Article 266 Where a director, supervisor, president and other senior management personnel of the Company gives to the Board, before the Company's first consideration of the entering of any contract, transaction or arrangement, a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in such contracts, transactions or arrangements which may subsequently be made by the Company, the content stated in such notice shall be deemed for the purposes of the preceding Article of this chapter to be a sufficient disclosure of the interests of the director, supervisor, president and other senior management personnel.

Article 267 The Company shall not in any manner pay taxes for or on behalf of its directors, supervisors, president and other senior management personnel.

Article 268 The Company shall neither directly or indirectly make a loan to or provide any loan guarantee to directors, supervisors, president and other senior management personnel of the Company and its parent, nor make a loan to or provide any loan guarantee to any of their respective associates.

The provisions of the preceding paragraph shall not be applicable to the following circumstances:

- (1) the provision by the Company of a loan or a loan guarantee to a subsidiary of the Company;
- (2) the provision by the Company of a loan or a loan guarantee or any other funds to a director, supervisor, president and other senior management personnel of the Company to meet expenditures incurred by him for the purposes of the Company or for the purpose of enabling him to properly perform his duties, in accordance with the terms of an employment contract approved by shareholders at a general meeting;
- (3) the Company may make a loan to or provide a loan guarantee to any of the relevant directors, supervisors, president and other senior management personnel or their respective associates on normal commercial terms, provided that the ordinary course of business of the Company should include the lending of money or the provision of loan guarantees.

Article 269 A loan made by the Company in breach of the preceding Article shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

Article 270 A loan guarantee provided by the Company in breach of the first paragraph of Article 268 shall not be enforceable against the Company, unless:

- (1) the guarantee was provided in connection with a loan to an associate of any of directors, supervisors, president and other senior management personnel of the Company or its parent and the lender was not aware of the relevant circumstances at the time the loan was advanced;
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

Article 271 For the purpose of the foregoing paragraphs of this chapter, a "guarantee" shall include an undertaking or property provided to secure the performance of obligations by the obligor.

Article 272 The Company may purchase liability insurance for its directors, supervisors, president and other senior management personnel subject to approval by the shareholders' general meeting, save for those liabilities arising from breach of laws, administrative regulations and provisions of these Articles of Association by the directors, supervisors, president and other senior management personnel of the Company.

Article 273 In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, president or other senior management personnel of the Company is in breach of his duties to the Company, the Company shall have a right to:

- (1) claim damages from the director, supervisor, president and other senior management personnel in compensation for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the director, supervisor, president and other senior management personnel or with a third party (where such third party is or should be aware that there is such a breach of obligations by the director, supervisor, president and other senior management personnel who acts on behalf of the Company);
- (3) demand an account of the profits made by the director, supervisor, president and other senior management personnel as a result of the breach of his obligations;
- (4) recover any monies received by the director, supervisor, president and other senior management personnel which should otherwise have been received by the Company, including but not limited to commissions;
- (5) require such director, supervisor, president and other senior management personnel to return the interests accrued or potentially accrued on the monies which otherwise should have been paid to the Company.

Article 274 The Company shall, with prior approval of shareholders at a general meeting, enter into a written contract with each director and supervisor on his remuneration.

The aforesaid remuneration shall include:

- (1) the remuneration for the office as a director, supervisor or senior management personnel of the Company;
- (2) the remuneration for the office as a director, supervisor or senior management personnel of a subsidiary of the Company;
- (3) the remuneration for providing management services for the Company and its subsidiaries;
- (4) the payment by way of compensation to a director or supervisor for his loss of office or retirement;
- (5) except under a contract mentioned in the foregoing paragraph, no proceedings may be brought by a director or supervisor.

Article 275 The contract on remunerations between the Company and its directors or supervisors shall provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject to prior approval of shareholders at a general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. A takeover of the Company referred to above includes any of the following circumstances:

- (1) a general offer made by any person to all shareholders;
- (2) an offer made by any person with a view to make the offeror the controlling shareholder (as defined in Article 62 of these Articles of Association).

Where the relevant director or supervisor is in breach of this Article, any sum so received by him shall belong to those who have sold their shares as a result of the acceptance of the said offer. The expenses incurred in distributing such sum pro rata shall be borne by the relevant director or supervisor and shall not be deductible from the sum.

## **Chapter 10 Financial and Accounting Systems, Profit Distribution and Audit**

### **Section 1 Financial and Accounting Systems**

Article 276 The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

Article 277 The Company shall prepare a financial report at the end of each accounting year and the financial report shall be audited by an accounting firm pursuant to applicable laws. The Company shall deliver its annual financial accounting report to the China Securities Regulatory Commission ("CSRC") and Shenzhen Stock Exchange within 4 months from the conclusion of each accounting year. It shall deliver its interim financial accounting report to Shenzhen Branch of the CSRC and Shenzhen Stock Exchange within 2 months from the conclusion of the first 6 months of each accounting year. And its shall deliver its quarterly financial accounting reports to Shenzhen Branch of the CSRC and Shenzhen Stock Exchange within 1 month from the end of the first 3 months and first 9 months of each accounting year respectively.

The aforesaid financial report shall be drafted in accordance with the relevant laws, administrative regulations and the requirements of competent authorities.

The annual financial report of the Company shall be prepared in accordance with the PRC accounting standards, and also in accordance with international accounting standards or that of the place where the Company's shares are listed, and the financial report shall be audited by PRC certified public accountants and international accountants pursuant to applicable laws. If there is any material difference between the financial reports prepared respectively in accordance with the aforesaid accounting standards, such difference shall be stated in the financial reports. When the Company is to distribute its after-tax profits, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

In auditing the annual financial report of the Company, the certified public accountants shall issue a special statement in respect of any appropriation of funds by the Company's controlling shareholders and other connected parties in accordance with relevant regulations, and the Company shall make an announcement on the same.

Article 278 At each annual general meeting, the Board of the Company shall submit to the Shareholders financial reports as prepared by the Company in accordance with the relevant laws, administrative regulations and regulatory documents as promulgated by local governments and authorities.

Article 279 The financial reports of the Company shall be available for inspection by Shareholders at the Company's place of business 20 days before the convening of the annual general meeting. Each Shareholder of the Company shall be entitled to receive the financial reports mentioned in this chapter.

The Company shall send a copy of the report of directors together with the balance sheet (including all documents required to be annexed to the balance sheet according to the relevant regulations) and the income statement or profit or loss statement (including the aforesaid financial reports) or a summary of the financial report to each shareholder of overseas-listed shares in person or by pre-paid post at least 21 days prior to the convening of the annual general meeting at the address appearing on the register of shareholders.

Article 280 Any interim results or financial information published or disclosed by the Company shall be prepared and presented in accordance with the PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the overseas place where the Company's shares are listed.

Article 281 The Company shall publish its financial reports twice in each fiscal year, that is to publish its interim financial report within 60 days after the end of the first 6 months of each fiscal year, and to publish its annual financial report within 120 days after the end of each fiscal year.

Article 282 The Company shall maintain no other accounts books other than a set of statutory accounts books. No asset of the Company shall be deposited into an account under the name of any individual.

Article 283 The Company shall allocate 10% of its profits to the statutory reserve of the Company when distributing its after-tax profits for the year, provided that no further appropriation is required if the accumulated statutory reserve exceeds 50% of the registered capital of the Company.

If the statutory reserve of the Company is insufficient to make up for the losses brought forward from the previous year, profits for the current year shall be applied to make up for such losses before making allocations to the statutory reserve in accordance with the aforementioned requirement.

Upon allocation of the after-tax profits to the statutory reserve, the Company may allocate a part of the after-tax profits to the discretionary reserve as approved by a resolution passed at the general meeting.

Upon making up for the losses incurred and allocating to the statutory reserve, the balance of after-tax profits shall be distributed to the Shareholders in proportion to their shareholding.

If the aforementioned regulations are violated at the general meeting where the Company distributes profits to the Shareholders prior to making up for losses and allocating to the statutory reserve, the Shareholders shall return to the Company the profits distributed as a result of violation of the regulations.

No profit shall be distributed in respect of the shares of the Company which are held by the Company.

Article 284 If there is any discrepancy between the profit of the Company as shown in the financial reports prepared in accordance with the PRC accounting standards and international accounting standards respectively as required by Article 277 of these Articles of Association, the profit distribution plan shall be based on the lower.

Article 285 The common reserve of the Company is used to make up for the losses of the Company, expand the business operation of the Company or increase the capital of the Company. However, capital reserve shall not be applied to make up for the losses of the Company.

Upon transfer from the statutory reserve to capital, the remainder of such reserve shall not be less than 25% of the registered capital of the company before such transfer takes effect.

Capital reserve includes the following:

- (1) premium on shares issued at a premium price;
- (2) any other income designated for the capital reserve by the regulations of the finance regulatory department of the State Council.

Article 286 The Company adopts a continuous and stable profit distribution policy, and shall make dividend distributions in profit-making years. The Company may distribute dividend in the form of cash, bonus shares or both. When the conditions for cash dividend are satisfied, cash dividend shall be the priority method of profit distribution. In addition to annual cash dividend, the Company may also distribute interim cash dividend, provided that the accumulated cash distribution of profit for the last three years shall not be less than 30% of the average annual distributable profit of the Company of the last three years.

In the event that any adjustments or alterations are necessary to be made to the cash dividend distribution policy stated in the Articles of Association as a result of new requirements of laws and regulations and new provisions promulgated by securities regulatory authorities in relation to profit distribution policy of listed companies, as well as any material changes in external business environment or the Company's own operating conditions, the Board shall submit a proposal to be voted on at a general meeting after the independent directors have given their independent opinions thereon and the supervisory committee has approved such proposal. The Company shall give full consideration to minority shareholders' opinions in this regard, and when convening a shareholders' general meeting, shall provide online voting and

other channels for minority shareholders to participate in voting at such meeting. Any resolution of the shareholders' general meeting shall be passed by votes representing more than two-thirds of voting rights held by shareholders present at such shareholders' general meeting.

Any amount paid up in advance of calls on a share shall carry interest, but shall not entitle the holder of the share to receive, by way of advance payment, the dividend declared and distributed thereafter.

Article 287 The Board of the Company shall take various factors into consideration, including its industry features, development stages, business model and profitability as well as whether it has any substantial capital expenditure arrangements, and differentiate the following circumstances to propose a differentiated policy for cash dividend distribution pursuant to the procedures stipulated in these Articles of Association:

- (1) Where the Company is in a developed stage with no substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution;
- (2) Where the Company is in a developed stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution;
- (3) Where the Company is in a developing stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 20% of the total profit distribution;

In the case that it is difficult to distinguish the Company's stage of development but the Company has significant capital expenditure arrangements, the profit distribution may be dealt with pursuant to the preceding provisions.

The profit distribution plan of the Company shall be proposed and prepared by the Board in accordance with the provisions of these Articles of Association and the actual operating condition of the Company. When formulating and considering the profit distribution plan, especially the specific proposal on cash dividend distribution, the Board shall conduct research and analysis on certain matters such as the timing, conditions, minimum proportion and conditions for adjustment in respect of the cash dividend distribution, and the independent directors shall expressly give their independent opinions on such proposal. Independent directors may solicit opinion of minority shareholders, put forth profit distribution proposal and submit it directly to the Board for consideration and approval.

The profit distribution plan of the Company shall be submitted to the shareholders' general meeting for approval after being considered and passed by the Board. Before the cash dividend distribution plan is considered at the shareholders' general meeting, different channels should be used to proactively communicate and interact with shareholders, in particular, the minority shareholders, and the Company shall fully hear the opinions and demands of minority shareholders and timely answer the questions raised by minority shareholders. Also, minority shareholders' opinions and requests shall be fully taken into consideration when the profit distribution plan is considered at the shareholders' general meeting.

The listed company shall disclose in details in its annual report the formulation and implementation of the cash dividend policy, and state the following matters:

- (1) whether the policy is in compliance with the requirements of the Articles of Association or the resolutions passed at the shareholders' general meeting;
- (2) whether the basis and ratio of the distribution of dividends are clear;
- (3) whether the relevant decision-making procedures and systems are sound;
- (4) whether the independent directors have duly performed their duties;
- (5) whether there are enough channels for minority shareholders to express their views and concerns, and whether their legal interests are sufficiently protected, etc.

If the cash dividend policy is to be adjusted or altered, it shall be disclosed in details whether the conditions and procedures of such adjustments or alternation is in compliance and transparent.

After the profit distribution plan has been resolved at the shareholders' general meeting, the Board of the Company shall complete the distribution of dividends (or shares) within two months after the meeting. The amount of cash dividends to be distributed to the holders of overseas-listed shares shall be converted from Renminbi into Hong Kong dollar at the median rate announced by the People's Bank of China on the first business day immediately following the day on which the resolution has been passed at the shareholders' general meeting of the Company.

The Company shall make detailed disclosures of its formulation and implementation of the cash dividend policy and the compliance thereof in its periodic reports. In the event of any adjustment or alteration to the cash dividend policy, the Company shall fully describe whether the conditions and procedures for such adjustment or alteration are compliant and transparent.

Where there is a change in the Company's control resulting from securities issuance, reverse merger, material asset restructuring, merger and division or acquisition, the Company shall disclose in details the cash dividend policy and relevant arrangements after the offering or issuance, restructuring or change in the control, as well as the Board's explanation of the aforesaid in the prospectus, offering proposal, report of material asset restructuring, report of change in equity or report of acquisition.

**Article 288** The Company shall appoint a receiving agent for holders of overseas-listed foreign shares. The receiving agent shall receive the dividends distributed and other amounts payable by the Company to the shareholders in respect of overseas-listed foreign shares on such shareholders' behalf.

The receiving agent appointed by the Company shall satisfy the relevant requirements of the laws of the place and relevant regulations of the stock exchange where the Company's shares are listed.

The receiving agent appointed on behalf of holders of overseas-listed foreign shares listed in the Hong Kong Stock Exchange shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

The Company may forfeit unclaimed dividends conditional on it abiding by relevant PRC laws, administrative regulations and rules and relevant requirement of Hong Kong Stock Exchange. This right shall only be exercised after the expiration of applicable limitation period.

The Company shall have the right to terminate sending dividend warrant to the relevant shareholders of overseas-listed foreign shares by mail. But the Company shall exercise such right only after dividend warrants failed to be redeemed for two consecutive times. The Company may exercise the right, if a dividend warrant fails to reach the recipient in the first mailing and is returned.

The Company shall have the right to sell the shares held by holders of overseas-listed foreign shares with whom the Company could not contact in a way deemed appropriate by the Board, provided the following conditions are met:

- (1) the Company has distributed dividends on the shares at least 3 times within 12 years but the dividends remained unclaimed;
- (2) the Company publishes announcements in one or more newspapers of the place in which the shares of the Company are listed after the expiration of the 12-year period, stating its intention to sell the shares, and informs the securities regulatory authority of the place in which the shares of the Company are listed, and the relevant announcements have been published in newspapers, which are in compliance with the applicable rules.

## **Section 2 Internal Audit**

Article 289 The Company maintains an internal audit system, with professional audit personnel performing internal audit on the financial income and expenses and economic activities of the Company.

Article 290 The internal audit system staffed with professional audit personnel shall be implemented upon the approval of the Board of Directors. The head of audit shall be accountable and report to the Board of Directors.



Article 297 Notwithstanding the terms of the contract between the accounting firm and the Company, the engagement of the accounting firm may be terminated prior to the expiry of its term at a shareholders' general meeting by an ordinary resolution. If the relevant accounting firm has the right to make claims against the Company on account of the termination, such right will not be prejudiced in this regard.

Article 298 The Company's engagement, termination or non-renewal of the engagement of the accounting firm shall be decided upon by the shareholders' general meeting, and shall be filed with the securities authority of the State Council for the record.

Where the shareholders' general meeting proposes to adopt a resolution on the engagement of a new accounting firm to fill a vacancy in the office of accounting firm, or the renewal of engagement of an accounting firm who was engaged by the Board of Directors to fill a vacancy or the termination of engagement of an accounting firm prior to the expiry of its term, the following requirements shall be met:

- (1) Before the issue of the notice of shareholders' general meeting, the proposal for the engagement or the termination of engagement shall be given to the accounting firm proposed to be engaged or to be dismissed/removed, or to the accounting firm which is ceasing to act in the financial year concerned.
- (2) Where the accounting firm which is ceasing to act makes a written statement and requests the Company to inform shareholders of the same, the Company shall take the following measures unless such statement is delivered out of time:
  - (i) The statement made by the accounting firm which is ceasing to act shall be specified in the notice given for the purpose of making a resolution;
  - (ii) A copy of such statement shall be annexed to the notice and given to each shareholder who is entitled to receive the notice of shareholders' general meeting in a manner as stipulated in these Articles of Association.
- (3) If the Company fails to deliver the statement of the accounting firm in question as specified in Item (2) hereof, the said accounting firm may request to have such statement read out at the shareholders' general meeting, and may make further complaints.
- (4) The outgoing accounting firm shall be entitled to attend the following meetings:
  - (i) The shareholders' general meeting at which its term of office becomes expired;
  - (ii) The shareholders' general meeting to be held for the purpose of filling the vacancy caused by the termination of its engagement;
  - (iii) The shareholders' general meeting to be held due to its resignation.

The accounting firm which is ceasing to act shall be entitled to receive all meeting notices of the aforesaid meetings or other information relating to such meetings, and speak at the aforesaid meetings about matters relating to its capacity as a former accounting firm of the Company.

Article 299 If the Company intends to terminate or cease to renew the engagement of an accounting firm, a notice 60 days prior to the termination of engagement or renewal shall be given to that accounting firm. The accounting firm shall be entitled to make a statement at the shareholders' general meeting at the time of voting upon ceasing the engagement of such public accountants' firm.

Where the accounting firm tenders resignation, it shall explain to the shareholders' general meeting whether there are any improper practices of the Company.

- (1) An accountant firm may resign its office by depositing at the Company's legal address a resignation notice. Such notice shall include the following:
  - (i) A declaration that its resignation does not involve any matters that should be explained to the Company's shareholders or creditors; or
  - (ii) Any statement of any matters that should be explained.

Such notifications shall come into effect on the date when they are placed at the legal address of the Company or such a later date as stated in the said notifications.

- (2) Within 14 days upon receipt of the written notification referred to in Item (1) hereof, the Company shall deliver a photocopy of such notification to the relevant competent authority. If the notification contains such statements as mentioned in Item (1)(ii) hereof, duplicates of such statements shall be made available at the Company for shareholders' inspection. The Company shall also send the aforesaid duplicates by postage prepaid mail to each holder of overseas-listed foreign shares, at the addresses recorded in the register of members.
- (3) If the resignation notice from the accounting firm contains the statements as mentioned in Item (1)(ii) hereof, the accounting firm may request the Board of Directors to call an extraordinary general meeting to listen to its explanation regarding the resignation.

## **Chapter 11 Notices and Announcements**

### **Section 1 Notices**

Article 300 Notices of the Company may be issued by the following methods:

- (1) by hand;
- (2) by post;
- (3) by announcement;
- (4) in a manner recognized by the securities competent authorities and stock exchange(s) on which the Company's shares are listed, or in a manner that is otherwise permissible under these Articles of Association.

Article 301 Any notice issued by the Company in the form of a public announcement shall be deemed to have been received by all relevant persons once it is published.

Article 302 Any notice for convening a shareholders' general meeting of the Company shall be given by way of an announcement.

Article 303 Any notice for convening a meeting of the Board of Directors of the Company shall be given by a notice in writing.

Article 304 Any notice for convening a meeting of the Supervisory Committee of the Company shall be given by a notice in writing.

Article 305 Unless otherwise stipulated in these Articles of Association, corporate communication (as defined in Hong Kong Listing Rules), such as notices, information or written statements, sent to holders of overseas-listed foreign shares by the Company may be delivered by hand or by prepaid post to the registered address of each holder of overseas-listed foreign shares. The Company may deliver its corporate communication in electronic way in accordance with the provisions of Hong Kong Listing Rules, provided that the Company has made appropriate arrangements and is in compliance with the provisions of Hong Kong Listing Rules regarding delivery of corporate communication in electronic way.

By giving a written notice to the Company, overseas-listed foreign shares holders of the Company may select receiving corporate communication from the Company either in electronic way or by post. The shareholder may also select only receive corporate communication in either Chinese or English or both Chinese and English. The shareholder may also give a written notice to the Company in advance within reasonable time to amend his or her choice of the mean to receive the aforesaid communication and language version(s) according to appropriate procedures.

Article 306 For notices of the Company delivered by hand, an acknowledgement of receipt shall be signed (or stamped) by the recipient and the date of delivery shall be the date on which the acknowledgement is signed; for notices delivered by post, the date of delivery shall be the fifth business day from the mail is delivered to the post office; for notices delivered by way of announcements, relevant announcement shall be published on the newspapers in compliance with the relevant requirements and the date of service shall be the date on which the first announcement is published.

Article 307 An accidental omission of giving notice of a meeting to a person entitled to receive such notice or such person's failure to receive such notice shall not invalidate the meeting or the resolutions adopted at the meeting.

## **Section 2 Announcements**

Article 308 The "announcement" referred to in these Articles of Association, unless the context otherwise requires, for the purpose of the announcements to be issued to holders of domestic shares or announcements to be issued in China in accordance with relevant regulations and these Articles of Association, means announcements which are published in the newspapers or periodicals of China, and such newspapers and periodicals shall be those designated under the laws or administrative regulations of China or by the securities regulatory authority under the State Council; for the purpose of announcement issued to holders of overseas-listed shares or announcements issued in Hong Kong in accordance with the relevant provisions and these Articles of Association, such announcements shall be issued in compliance with the requirements of the Hong Kong Listing Rules.

Article 309 The Company has designated any one of the Securities Times, China Securities Journal and Shanghai Securities News as the journal for publishing the Company's announcements and other information which needed to be disclosed in relation to the A Shares. The Company has also designated the website of CNINFO (<http://www.cninfo.com.cn>) as the website for publishing the Company's announcements and other information which needed to be disclosed in relation to the A Shares. The Company has designated the website of The Hong Kong Stock Exchange Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) as the website for publishing the Company's announcements and other information which needed to be disclosed in relation to the H Shares.

If the Company's information cannot be disclosed in a timely manner through abovementioned newspapers or website, the Company shall disclose its information through other newspapers or websites designated by the China Securities Regulatory Commission and the Hong Kong Stock Exchange.

## **Chapter 12 Merger, Division, Increment and Reduction in Registered Capital, Dissolution and Liquidation**

### **Section 1 Merger, Division, Increment and Reduction in Registered Capital**

Article 310 In relation to mergers or divisions of the Company, a proposal shall be put forward by the Board of Directors of the Company. After the same has been passed according to the procedures provided in these Articles of Association, the relevant approval procedures shall be completed in accordance with laws. Shareholders voting against the proposal for the merger or division of the Company shall be entitled to demand the Company or the shareholders consenting to the proposal for the merger or division of the Company to purchase their shares at a fair price. The resolution on the merger or division of the Company shall be kept as a special document, which shall be available for shareholders' inspection.

For holders of overseas-listed foreign shares of the companies listed in Hong Kong, the aforesaid document shall be despatched by mail.

Article 311 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

A company that absorbs other company is known as merger by absorption whereby the company being absorbed shall be dissolved. The merger of two or more companies by the establishment of a new company is known as merger by the establishment of a new company whereby the merged companies shall be dissolved.

Article 312 As far as mergers are concerned, parties to the merger shall sign a merger agreement, and prepare the balance sheet and a list of property. The Company shall notify its creditors within 10 days, and shall make an announcement for at least three times in one or more newspapers designated by the Securities Regulatory Authority of the State Council within 30 days from the date of passage of the resolution on the merger. Creditors may, within 30 days upon receipt of the notification, (or for creditors who have not received such notification, within 45 days after the date of announcement), request the Company to make repayments or provide corresponding guarantees in respect of its indebtedness.

Article 313 Upon merger of the Company, the subsisting company after the merger or a newly-established company shall succeed to the creditors' rights and indebtedness of parties to the merger.

Article 314 As far as divisions are concerned, property of the Company shall be split up accordingly.

Upon division, the parties relative to the division shall sign a division agreement, and prepare the balance sheet and a list of property. The Company shall notify its creditors within 10 days, and shall make an announcement for at least three times in one or more newspapers designated by the Securities Regulatory Authority of the State Council within 30 days from the date of passage of the resolution on the division.

Article 315 The indebtedness of the Company prior to the division shall be jointly assumed by the companies which exist after the division unless otherwise agreed between the Company and its creditors under a written agreement in relation to the settlement of debts prior to the division.

Article 316 As far as reductions in its registered capital are concerned, the Company shall prepare the balance sheet and a list of property.

The Company shall notify its creditors within 10 days from the date of passage of the resolution on such reduction, and shall make an announcement within 30 days from the same date on media designated for information disclosure in these Articles of Association. Creditors are entitled to, within 30 days upon receipt of the notification, or for creditors who have not received such notification, within 45 days after the date of announcement, request the Company to make repayments or provide corresponding guarantees in respect of its indebtedness.

The registered capital of the Company after such reduction shall not be less than the statutory minimum amount of registered capital.

Article 317 In the case that merger or division of the Company results in any changes in registered particulars, modifications of registration shall be completed with the Industrial and Commercial Administrative Bureau of Shenzhen Municipality according to law; in the case of dissolution, the deregistration shall be made according to law; in the case of the establishment of a new company, the registration of incorporation shall be made according to law.

Increment or reduction in the registered capital of the Company must be registered with the Industrial and Commercial Administrative Bureau of Shenzhen Municipality according to law.

## **Section 2 Dissolution and Liquidation**

Article 318 The Company shall be dissolved and liquidated according to laws upon the occurrence of any of the following events:

- (1) The term of operation prescribed by these Articles of Association expires or any other cause for dissolution specified in these Articles of Association arises;
- (2) A resolution on dissolution has been passed at a shareholders' general meeting;
- (3) The Company has to be dissolved as a result of its merger or division;
- (4) The Company is declared bankruptcy pursuant to law due to its failure to repay debts due;
- (5) The business license has been cancelled or the Company has been ordered to

- (6) A shareholder who holds more than 10% of the voting rights of all shareholders may petition the people's court to dissolve the Company on the basis that there are serious difficulties in the operation and management of the Company whose subsistence will significantly jeopardise the shareholders' interests and that such difficulties cannot be resolved by any other means.

Article 319 Upon the occurrence of the situation mentioned in Item (1) of Article 318, the Company may continue to exist by amending these Articles of Association.

The amendment of these Articles of Association pursuant to the preceding paragraph shall be subject to the approval of more than two-thirds of the voting rights held by the shareholders present at the shareholders' general meetings.

Article 320 If the Company is dissolved pursuant to Items (1) and (2) of Article 318 hereof, a liquidation team shall be formed to start the liquidation within 15 days from the date on which the causes for dissolution arise. The liquidation team shall be composed of the personnel determined at a shareholders' general meeting by way of ordinary resolution. If no liquidation team is formed for the purpose of liquidation within the time limit, a creditor may lodge an application to the people's court for designating the relevant persons to form the liquidation team in respect of the liquidation.

If the Company is dissolved pursuant to Item (4) of the preceding Article, the people's court shall, according to the relevant laws, organize to form a liquidation team comprising shareholders, relevant authorities and relevant professionals to effect liquidation.

If the Company is dissolved pursuant to Item (5) of the preceding Article, the relevant competent authorities shall organize to form a liquidation team comprising shareholders, relevant authorities and relevant professionals to effect liquidation.

Article 321 If the Board of Directors decides to liquidate the Company (except for liquidation owing to the Company's declaration of bankruptcy), the Board of Directors shall state in the notice of the shareholders' general meeting to be convened for this purpose that the Board of Directors has made an overall investigation into the situation of the Company and it considers that the Company may fully discharge its liabilities within 12 months from the commencement of the liquidation.

After a resolution on the liquidation has been passed at the shareholders' general meeting, the functions and powers of the Board of Directors of the Company shall be terminated forthwith.

The liquidation team shall follow the instructions from the shareholders' general meeting, report to the shareholders' general meeting at least once a year on the income and expenditure of the liquidation team as well as the Company's business and progress in the liquidation, and make the final report to the shareholders' general meeting upon completion of the liquidation.

Article 322 The liquidation team shall exercise the following functions and powers during the course of liquidation:

- (1) To sort out the Company's property and prepare the balance sheet and a list of property;
- (2) To make notices or announcements to creditors;
- (3) To deal with and settle the outstanding business of the Company in relation to the liquidation;
- (4) To pay the outstanding taxes and taxes incurred during the course of liquidation;
- (5) To settle all creditors' rights and indebtedness;
- (6) To dispose of the Company's residual assets after the settlement of its liabilities;
- (7) To attend any civil proceedings on behalf of the Company.

Article 323 The liquidation team shall notify creditors within 10 days, and shall make an announcement for at least three times in one or more newspapers designated by the Securities Regulatory Authority of the State Council within 60 days, from the date of formation. Creditors shall report its claims to the liquidation team within 30 days after the date of receipt of the notice, or within 45 days after the date of the announcement if no notice is received.

In reporting a claim, a creditor shall explain the relevant particulars of its claim and provide supporting materials. The liquidation team shall register the claim.

During the period of reporting claims, the liquidation team shall make no settlement with creditors.

Article 324 After the Company's property has been sorted out and the balance sheet and a list of property have been prepared, the liquidation team shall formulate a proposal for liquidation and report the same to the shareholders' general meeting or the people's court for confirmation.

The residual property after the respective settlement of the liquidation expenses, staff wages, social insurance expenses and statutory compensation, the payment of taxes in arrears and the discharge of the Company's liabilities shall be distributed according to shareholdings held by the shareholders.

During the period of liquidation, the Company shall subsist, but cannot carry on any operating activities that are not related to the liquidation. The property of the Company shall not be distributed among the shareholders before the completion of the settlements as provided for in the preceding paragraph.

Article 325 The liquidation team shall apply to the people's court for the declaration of bankruptcy according to law if they find that the Company's property is insufficient to settle its indebtedness after the Company's property has been sorted out and the balance sheet and a list of property have been prepared.

If the Company declares its bankruptcy pursuant to a ruling of the people's court, the liquidation team shall transfer the liquidation affairs to the people's court.

Article 326 After the completion of the liquidation of the Company, the liquidation team shall prepare a liquidation report and a statement of income and expenditure incurred during the liquidation and the financial books and submit the same to a shareholders' general meeting or the people's court for confirmation after they have been audited by a PRC certified public accountant.

The liquidation team shall file the aforesaid documents with the company registration authority within 30 days after the date of confirmation by the relevant competent authorities such as the shareholders' general meeting or the people's court for the purpose of applying for the deregistration of the Company. An announcement of the termination of the Company shall be made.

Article 327 Members of the liquidation team shall perform their duty honestly and discharge the obligation of liquidation in accordance with laws.

Members of the liquidation team shall not take personal advantage of their posts to take bribes, receive other illegal incomes, or misappropriate assets of the Company.

Members of the liquidation team shall compensate the losses brought to the Company or the creditors due to their intentional or gross negligence.

Article 328 If the Company is declared bankruptcy pursuant to law, bankruptcy liquidation shall be carried out in accordance with laws regarding enterprise bankruptcy.

## **Chapter 13 Amendments to Articles of Association**

- Article 329 The Company may amend these Articles of Association in accordance with the relevant provisions of the laws, administrative regulations and these Articles of Association. The Company shall amend these Articles of Association under any of the following circumstances:
- (1) Following amendments to the Company Law or the relevant laws or administrative regulations, any provisions of these Articles of Association contravene the amended laws or administrative regulations;
  - (2) Any changes in the Company are inconsistent with the provisions of these Articles of Association;
  - (3) Amendments to these Articles of Association are resolved at a shareholders' general meeting.
- Article 330 Any amendment to these Articles of Association involving anything set out in the "Mandatory Provisions for the Articles of Association of Companies Listed Overseas" (the "Mandatory Provisions") shall become effective upon approval by the department in charge of company approval affairs authorised by the State Council and by the securities regulatory bodies of the State Council; and if an amendment is relevant to any registration items of the Company, modifications of the registration shall be completed according to law.
- Article 331 Any amendment to these Articles of Association passed by a resolution at a shareholders' general meeting shall be filed with the original competent authorities for approval if it is so required; and if an amendment is relevant to any registration items of the Company, modifications of the registration shall be completed according to law.
- Article 332 Amendments to these Articles of Association shall be made by the Board of Directors in accordance with a resolution tabled at a shareholders' general meeting on amendments to these Articles of Association and opinions of the relevant competent authorities on review and approval.
- Article 333 Any amendment to these Articles of Association shall be subject to announcement if so required by the laws and administrative regulations.

## Chapter 14 Dispute Resolution

Article 334 The Company shall comply with the rules on dispute resolution set forth as follows:

- (1) Whenever any disputes or claims arise from any rights or obligations conferred or imposed by these Articles of Association, the Company Law or other relevant laws and administrative regulations concerning the affairs of the company between a holder of overseas-listed foreign shares and the Company; or between a holder of overseas-listed foreign shares and a director or supervisor or the president or other senior management personnel of the Company; or between a holder of overseas-listed foreign shares and a holder of domestic shares, the parties concerned shall resolve such disputes and claims through arbitration.

Where a dispute or claim described above is referred to arbitration, the entire dispute or claim shall be resolved through arbitration; all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are a company or its shareholders, directors, supervisors, president or other senior management personnel, shall submit to arbitration.

Disputes over who is a shareholder and over the share register may be resolved by any means other than arbitration.

- (2) The party seeking arbitration may elect to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or by the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once the party seeking arbitration submits a dispute or claim to arbitration, the other party must submit to the arbitral body selected by the party seeking the arbitration.

If the party seeking arbitration elects to have the dispute or claim arbitrated at the Hong Kong International Arbitration Centre, then either party may apply to have such arbitration conducted in Shenzhen according to the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (3) The laws of the People's Republic of China shall govern the arbitration of disputes or claims described in item (1) above, unless otherwise provided by law or administrative regulations.
- (4) The award of the arbitral body is final and shall be binding on the parties thereto.

## Chapter 15 Supplemental Provisions

### Article 335 Definitions

- (1) A controlling shareholder shall mean a shareholder who holds more than 50% of the total share capital of the Company or who holds less than 50% of the total share capital but holds voting rights sufficient to have a material impact on resolutions of the shareholders' general meeting.
- (2) A de facto controller shall mean any person who is not a shareholder of the Company, but has de facto control over actions of the Company through the investment relationship, an agreement or other arrangements.
- (3) Connected relationship shall mean the relationship between a controlling shareholder, de facto controller, director, supervisor or senior management personnel of the Company and their directly or indirectly controlled enterprises and other relationships which may result in the transfer of the Company's interests. However, state-owned enterprises may not have connected relationships merely because they are under common control of the State.
- (4) Accounting firms shall have the same meaning as "auditors".

Article 336 The Board of Directors may formulate by-laws pursuant to the provisions of these Articles of Association. Such by-laws shall not be in conflict with the provisions of these Articles of Association.

Article 337 These Articles of Association is written in Chinese, and the Chinese version of the Articles of Association, which has the approved registration made by the Industrial and Commercial Administrative Bureau of Shenzhen Municipality most recently, should prevail, if there is difference among the various versions in different languages.

Article 338 All references to "over", "within" and "below" in these Articles of Association shall be inclusive of the stated figure; all references to "not more than", "other than", "lower than", "more than" and "exceed" shall be exclusive of the stated figure; while a reference to "include" means including but not limited to relevant matters or issues stated.

Article 339 It shall be the responsibility of the Board of Directors of the Company to interpret these Articles of Association. These Articles of Association shall come into effect from the date when shares of the Company are listed and traded on the Hong Kong Stock Exchange.