

# **A+H ARTICLES OF ASSOCIATION**

**of**

**China Vanke Co., Ltd.**

English translation of this document is for reference only, if there are discrepancies between the English version and Chinese version, the Chinese version shall prevail.

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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 (hereinafter referred to as the "Company") incorporated in accordance with the requirements of "The Interim Measures on the Trial of a Joint Stock System in State-owned Enterprises in the Shenzhen Special Economic Zone" and other applicable law and regulations. In November 1988, with the approval of the "Shen Fu Ban (1988) No. 1509 Document" issued by the People's Government of Shenzhen Municipality, the Company was established through private placement after Shenzhen Modern Enterprise Co., Ltd. underwent a restructuring, and completed the relevant procedures in compliance with the Company Law. The Company registered with Shenzhen Administrative Bureau for Industry and Commerce and obtained the business licence numbered Shen Si Zi N24935.

**Article 3** In 1988, as approved by the Shenzhen Branch of the People's Bank of China, the Company made an initial public offering of 28,000,000 RMB-denominated ordinary shares, which were listed on the Shenzhen Stock Exchange on 29 January 1991. In 1993, as approved by the Shenzhen Branch of the People's Bank of China, 45,000,000 domestically-listed foreign-invested shares were issued by the Company to foreign investors for subscription in foreign currencies and became listed on the Shenzhen Stock Exchange on 28 May 1993.

**Article 4** Registered name of the Company: 万科企业股份有限公司  
English name of the Company: CHINA VANKE CO., LTD. (Abbreviation: VANKE)

**Article 5** Vanke Center, No. 33 Huanmei Road, Dameisha, Yantian District,

Shenzhen, Postal code: 518083.

**Article 6** The registered capital of the Company is RMB10,995,553,118.

**Article 7** The Company is a joint stock limited company with perpetual succession.

**Article 8** Chairman of the board of directors is the statutory representative of the Company.

**Article 9** The entire capital 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 its entire property.

**Article 10** Since the effective date, the Articles of Association shall be a legally binding document governing the Company's organization and conduct, 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. Pursuant to the Articles of Association, shareholders may take legal actions against other shareholders or the directors, supervisors, president and other senior management of the Company; shareholders may take legal actions against the Company; and, the Company may take legal actions against shareholders, directors, president and other senior management.

The legal actions mentioned in the preceding paragraph include lawsuits lodged with courts or claims referred to arbitration.

**Article 11** Senior management defined in the Articles of Association refer to the president, executive vice president, secretary to the board, and person-in-charge of finance affairs appointed by the board of the Company to take charge of the management of the Company.

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

**Article 12** The Company's business objectives: to continue to explore ways to drive economic development; to achieve success against market competition through regulated activities; to ensure long-term development through scientific management

and concepts; and to generate satisfactory results for shareholders.

**Article 13** As legally registered, the Company's scope of business includes: property development, establishment of industrial operations (separate declaration is required for specific projects), domestic supply and sale of commercial commodities (not including commodities sold in specialty stores, under special control and sold in exclusive stores), and import and export business (in compliance with the requirements of No. 113 foreign enterprise confirmation certificate by the Shenzhen municipal bureau of economic development).

## **Chapter 3 Shares**

### **Section 1 Issuance of Shares**

**Article 14** The shares of the Company shall take the form of share certificates. There shall, at all times, be ordinary shares in the Company. 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 shares of the Company shall be issued in compliance with the principles of fairness and impartiality. Shares of the same class must carry the same rights.

Shares of the same class issued at the same time shall be issued on the same conditions and at the same price. All units and individuals shall pay the same price for each of the shares they subscribe for.

**Article 16** Share certificates issued by the Company are denominated in RMB.

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

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

"Foreign investors" referred to in the preceding paragraph represent investors domiciled in foreign countries as well as 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”. Shares issued by the Company to foreign investors for subscription in foreign currencies shall be referred to as “foreign shares”. Foreign shares listed domestically shall be referred to as “domestically listed foreign shares”. Foreign shares listed overseas shall be referred to as “overseas listed foreign shares”. Overseas listed foreign shares listed on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) and subscribed and traded in Hong Kong dollars shall be referred to as “H Shares”.

“Foreign currencies” referred to in the preceding paragraph represent legal currencies of other countries and regions (excluding RMB) which are recognized by the State’s foreign exchange authorities and are used for the payment of share prices to the Company.

Subject to approval from the securities regulatory body under the State Council, holders of domestic shares of the Company may transfer their shares to foreign investors and have the shares listed and traded overseas. The shares transferred to an overseas stock exchange for listing and trading shall comply with the regulatory procedures, provisions and requirements of the overseas stock market. The listing and trading of the transferred shares on an overseas stock exchange are not subject to voting at a class meeting.

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

**Article 19** The Company was established upon the restructuring of Shenzhen Modern Enterprise Co., Ltd. in 1988. The registered address of Shenzhen Modern Enterprise Co., Ltd. was No. 50 Heping Road, Shenzhen, and Wang Shi was the statutory representative. The net asset value of Shenzhen Modern Enterprise Co., Ltd. as at 31 October 1988 amounted to RMB13,246,680, representing 13,246,680 shares.

**Article 20** The Company’s total number of shares is 10,995,553,118, including

9,680,597,650 domestic shares and 1,314,955,468 H shares.

**Article 21** Subject to approval from the securities regulatory body under the State Council, the board of directors of the Company may arrange implementation of separate issuance programmes of overseas listed foreign shares and domestic shares.

Pursuant to provisions set out in the preceding paragraph, the Company may conduct separate issuance of overseas listed foreign shares and domestic shares within 15 months from the date of approval from the securities regulatory body under the State Council.

**Article 22** The overseas listed foreign shares and domestic shares, with the total number of shares confirmed in the Company's share issue programme, shall be fully subscribed for at their respective offering in one tranche. If the shares cannot be fully subscribed during the same offering due to special circumstances, the shares may, subject to the approval from the securities regulatory commission under the State Council, be issued in separate tranches.

## **Section 2 Increase and Reduction of Shares and Share Repurchase**

**Article 23** In accordance with its operation and development needs, and in compliance with the requirements of the law and regulations, and after the respective resolutions are passed at general meetings, the Company may increase its capital through the following methods:

- (1) public offering of shares;
- (2) private placement of shares;
- (3) distribution of bonus shares to existing shareholders;
- (4) increase of capital by transfer from reserves; or
- (5) other methods approved by the law, administrative regulations and the securities regulatory body under the State Council.

**Article 24** 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 the Company's Articles of Association.

**Article 25** The Company may repurchase its shares after seeking approval

according to the procedures set out in the Company's Articles of Association under the following situations:

- (1) reduce the Company's registered capital;
- (2) merge with another company that holds shares of the Company;
- (3) award shares to employees of the Company; or
- (4) shareholders require the Company to purchase their shares because of their objection to the resolution made at a general meeting regarding merger or spin-off of the Company.

For share repurchase made by the Company due to situations (1) to (3) set out in the preceding paragraph, the Company shall seek shareholders' approval. Upon the Company's repurchasing of its shares in accordance with the provisions of the preceding paragraph, shares shall be cancelled within 10 days from the date of repurchase in the case of situation (1); shares shall be transferred or cancelled within 6 months in the case of situations (2) and (4). The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital. The Company shall promptly apply with the original company registration authority for the change in registration of registered capital.

Should the Company repurchase its shares pursuant to situation (3) set out in the first paragraph, the number of shares to be repurchased shall not exceed 5% of the Company's total issued shares, and such share repurchase shall be funded out of the Company's profit after tax. The shares such acquired shall be transferred to employees within a year.

Save for the abovementioned situations, the Company shall not engage in trading of its own shares.

**Article 26** The Company may repurchase shares through any one of the following methods:

- (1) a repurchase offer;
- (2) repurchase shares through open trading on a stock exchange;
- (3) repurchase shares by an over-the-counter agreement; or
- (4) other methods stipulated by the law and administrative regulations, and methods approved by the securities regulatory body under the State Council.

**Article 27** The Company shall obtain prior approval at a general meeting in accordance with the Company's Articles of Association if it repurchases shares



through over-the-counter agreement. If the prior approval is granted by the general meeting in the same way, the Company may terminate or alter the contract concluded in the way mentioned above or waive any of its rights therein.

For the purpose of the preceding paragraph, the term “contract” for share repurchase 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 Company’s shares 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 28** 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 the event that 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 the event that 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 the event that the repurchased shares were issued at the price of their par value, such portion shall be deducted from the book balance of the distributable profits of the Company; or
2. in the event that the repurchased shares were 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; however, the amount deducted from the issuance of new shares shall not exceed the total premium income from the previous issuance of the existing shares so repurchased, and shall not exceed the amount in the 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 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 capital reserve account.

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

**Article 29** The shares of the Company may be transferred in compliance with the law free from any lien.

**Article 30** The Company shall not accept the shares of the Company as the subject of pledges.

**Article 31** The directors, supervisors, and senior management of the Company shall notify the Company of their shareholdings 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. The aforesaid persons are forbidden to transfer their shareholdings in the Company within half a year after termination of employment.

**Article 32** When the directors, supervisors, and senior management 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 more than 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 have the right to require, in writing, the board of directors to comply with the requirement set out in the preceding paragraph 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 period, shareholders have the right to file a legal action in a people's 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 paragraph, the relevant responsible directors shall bear joint liability in accordance with the law.

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

**Article 33** The Company or its subsidiaries (including affiliates of the Company) shall not at any time provide any financial assistance in any way to any person who purchases or intends to purchase the shares of the Company. The persons who purchase the shares of the Company mentioned above shall include those persons who directly or indirectly undertake obligations as a result of the purchase of the shares of the Company.

The Company or its subsidiaries shall not at any time provide any financial assistance in any way to the obligors mentioned above for minimizing or discharging their obligations.

This article shall not apply to the situations described in Article 35 of this section.

**Article 34** 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; and
- (4) financial assistance provided by the Company in any way when the Company becomes insolvent or does not have any net assets, or under a situation that will lead 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 35** The following acts shall not be deemed as acts banned under Article 34 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 does not form 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 to the Company's Articles of Association;
- (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 36** 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 37** Share certificates shall be signed by the chairman of the board of directors. In the event that the stock exchange on which the shares of the Company are listed requires the signatures of other senior management of the Company, the share certificates shall be signed by such other relevant senior management. 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 chairman of the board of directors or other senior management of the Company on the share certificates may take the printed form.

**Article 38** The Company shall create a register of members based on the evidence provided by a share 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; and
- (6) the date of terminating as a shareholder by each shareholder;

**Article 39** The Company may, in accordance with the understanding or agreement reached between the securities regulatory body under the State Council and the local securities regulatory body at the place of overseas listing, keep the register of holders of overseas listed foreign 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 register of holders of H shares shall be kept in Hong Kong.

A copy of the register of holders of overseas listed foreign 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 shares are consistent.

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

**Article 40** 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 shares kept at the location of the stock exchange on which such shares are listed; and
- (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 41** Each section of the register of members shall not overlap with 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.

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

**Article 42** No changes shall be made in the registration in the register of members as a result of the transfer of shares within 20 days prior to a general meeting or within five days prior to the base date on which the Company decides to distribute dividends.

**Article 43** 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.

All H shares, if they are fully paid-up, may be freely transferred pursuant to the 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 H shares;
- (3) a payable stamp duty has been paid for the instrument of transfer;
- (4) the related shares and other evidence, as reasonably requested by the board of directors, proving the transferor has the right to transfer such shares shall be submitted;
- (5) the number of joint holders shall not exceed four in the event that shares are intended to be transferred to joint holders; or
- (6) the shares are free from any lien of the Company.

All the transfers of H shares shall be effected by written instruments of transfer in an ordinary or common form or in any other form acceptable to the board of directors (including the standard transfer format or form of transfer provided by Hong Kong Stock Exchange from time to time). The instruments of transfer may be signed by hand only or (where the transferor or transferee is a corporation) by the company seal.

Where the transferor or transferee is a recognized clearing house (hereinafter referred to as “Recognized Clearing House”) as defined by the relevant regulations of the law of Hong Kong from time to time or its nominee, the form of transfer may be signed by hand or in a machine-imprinted format.

**Article 44** 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 share certificates”).

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

Application for replacement of lost share certificates made by a H shareholder shall be subject to the following requirements:

(1) The applicant must file an application in the standard format designated by the Company and attach a notarial certificate or a statutory declaration document. The notarial certificate or statutory declaration document must contain particulars such as the reasons of the applicant for the application, details of how the share certificates were lost and evidence thereon, as well as a statement setting out that there are no other persons who have asked for registering as shareholders in respect of the underlying shares.

(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 90 days. The announcement shall be republished at least once every 30 days.

(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 90 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 90 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 45** After the Company issues duplicate share certificates in accordance with the requirements of the Articles of Association, 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 46** 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 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 general meetings of the Company and exercise 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 General Meetings**

### **Section 1 Shareholder**

**Article 47** A shareholder of the Company is a natural person, legal person or other organization that can hold shares in listed companies in accordance with the requirements of the relevant law, rules of the State, 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 shares of the same class shall enjoy equal rights and assume equal obligations.

**Article 48** 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 49** When the Company needs to confirm the identity of shareholders for holding a general meeting, distributing dividends, conducting liquidation and engaging in other acts, the board of directors or the convenor of the 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 50** 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 general meeting, and exercise the corresponding voting rights in accordance with the law;
- (3) petition the people's court to establish the particulars of a resolution passed at a board meeting or a general meeting as invalid;
- (4) lodge legal actions with the people's court to safeguard the Company's or shareholders' legal interests in accordance with the law
- (5) carry out supervision of the Company's operations, and make recommendations or raise questions;
- (6) transfer, grant or pledge the shares he/she holds in accordance with the law, administrative regulations and the provisions of the Company's Articles of Association;
- (7) access relevant information in accordance with the law, administrative regulations and the provisions of the Company's Articles of Association, including:
  1. obtaining the Company's 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:
    - (i) all parts of the register of members;
    - (ii) personal information of the directors, supervisors, managers and other senior management 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;
    - (iii) details of the Company's share capital;
    - (iv) reports showing the total par value, quantity, the maximum and minimum prices of each class of securities repurchased by the Company since the last fiscal year, and the aggregate amount paid for such repurchase(s);
    - (v) the counterfoils of corporate bonds, minutes of general meetings, resolutions of the board of directors, resolutions of the supervisory committee, as well as financial and accounting reports
- (8) participation in the distribution of the remaining 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;

(9) those shareholders who object to a resolution made at a general meeting on the merger or spin-off of the Company shall have the right to request the Company to purchase their shares;

(10) shareholder(s) individually or jointly holding more than 3% of the Company's shares shall have the right to submit proposed resolutions to a general meeting, unless otherwise specified in the Company law, Securities Law and the Articles of Association; and

(11) other rights conferred by the law, administrative regulations, and the Company's Articles of Association.

**Article 51** 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 52** A shareholder shall have the right to safeguard his/her legal interests through civil proceedings or other legal actions in accordance with the law, administrative regulations and the provisions of the Company's Articles of Association.

(1) In the event that the particulars of a resolution passed at a general meeting or a board meeting are in violation of the law or administrative regulations, a shareholder shall have the right to petition the people's court to establish such particulars as invalid.

(2) In the event that the procedures for convening a general meeting or a board meeting, or the voting methods thereof are in violation of the law, administrative regulations or the Company's Articles of Association, or the particulars of a resolution are in violation of the Company's Articles of Association, a shareholder shall have the right to petition the people's court to make revocation within 60 days from the date of the resolution.

(3) In the event that a director or a senior management violates the law, administrative regulations or the provisions of the Company's Articles of Association when performing his/her duties, thus causing losses to the Company, shareholder(s) who either alone or jointly holding more than 1% of the Company's shares for more than 180 consecutive days may request, in writing, the supervisory committee of the

Company to lodge legal actions with the people's court. In the event that a supervisor violates the law, administrative regulations or the provisions of the Company's Articles of Association when executing his/her duties, thus causing losses to the Company, the aforementioned 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 actions upon receipt of the request in writing from the shareholders, or does not take legal actions within 30 days of receiving such a request, or any emergency or failure to take immediate legal actions will cause irreparable damage to the Company's interests of the Company, the aforementioned shareholders shall have the right to lodge legal actions with the people's court in their own names in the interests of the Company.

(4) 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 subsection (3) may lodge legal actions with the people's court in accordance with the provisions of said subsection.

(5) In the event that a director or a senior management violates the law, administrative regulations or provisions of the Company's Articles of Association, thus causing damage to the interests of shareholders, shareholders may lodge legal actions with the people's court.

(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 jeopardize the shareholders' interests and that such difficulties cannot be resolved by any other means.

**Article 53** A shareholder of the Company shall undertake the following obligations:

- (1) comply with the Company's Articles of Association;
- (2) shall not abuse the rights of a shareholder to prejudice the interests of the Company or other shareholders; shall not abuse the Company's independent status of legal person and shareholders' limited liability to prejudice the interests of the Company's creditors;
- (3) pay equity capital according to his/her shares subscribed and the method of equity capital injection;

(4) may not withdraw equity shares unless provided by the law or administrative regulations; and

(5) other obligations to be undertaken as prescribed by the law, administrative regulations and the Company's Articles of Association.

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

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 assume the joint and several liability for the Company's debts.

**Article 54** 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 55** The controlling shareholders, de facto controllers, directors, supervisors and senior management 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 of the preceding paragraph.

**Article 56** The controlling shareholders and de facto controllers of the Company shall act in good faith towards the Company and other shareholders. The controlling shareholders shall exercise the rights of an investor in strict compliance with the law. They shall not prejudice the legitimate rights and interests of the Company and other shareholders by means of connected transactions, distribution of profits, restructuring of assets, external investment, appropriation of funds, loan guarantees and other means, and they shall not prejudice the interests of the Company and other shareholders by taking advantage of their controlling position.

The controlling shareholders, in the exercise of their powers, shall not make any decision on the following issues to jeopardize the interests of all or some of the shareholders as a result of exercising their rights to vote:

(1) exempting the liability of a director or supervisor from acting in good faith for the

best interests of the Company;

(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; or

(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 general meeting for approval in accordance with the Company's Articles of Association.

The controlling shareholders and the Company shall have separate staff, assets and financial management, and have independent organisation and operations; they shall have their audit independently, and shall each bear their respective responsibilities and risks.

**Article 57** The "controlling shareholder" referred to in the preceding article 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 of the 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 rights of the Company or control the exercise of 30% or more of the voting rights 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; or

(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 a General Meeting**

**Article 58** A 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; decide on the remuneration of the directors;

(3) elect and replace supervisors assumed by shareholders' representatives; decide on the remuneration of the 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 bonds by the Company;
- (10) make a resolution on the merger, spin-off, change in corporate form, dissolution or liquidation of the Company;
- (11) amend the Company's Articles of Association;
- (12) make a resolution on the Company's engagement and dismissal of an accounting firm;
- (13) consider and approve changes in the use of the funds raised;
- (14) make a resolution on the Company's purchase, sale, or disposal of major assets or guarantees in excess of 30% of the Company's total assets within the previous year;
- (15) consider any guarantee provided after the total amount of external guarantees by the Company and its majority-owned subsidiaries exceed 50% of the latest audited net assets. The guarantees provided by the Company for the mortgage of home purchasers shall not be included within the scope of external guarantees mentioned in this article;
- (16) consider guarantees, among the Company's external guarantees, provided for a target party whose asset-liability ratio is over 70%;
- (17) consider external guarantees with a single guaranteed amount in excess of 10% of the Company's latest audited net assets;
- (18) any guarantee provided to the Company's shareholders, de facto controllers and their connected parties;
- (19) consider and approve the Company's equity incentive plan; and
- (20) consider other matters on which resolutions shall be made by a general meeting as required by the provisions of the law, regulations, and the Company's Articles of Association.

**Article 59** To standardize operating procedures and to maximize the function of a general meeting, the board of directors has formulated the rules of procedures for general meetings, which are attached to the Articles of Association as appendix and are subject to the approval of a general meeting. The said rules set out the procedures of convention and voting in respect of a general meeting, including notices, registration, consideration of and voting on proposals, vote counting, announcement on voting results, the resolution approval process, minutes, signing and announcements of the meeting, and other matters, as well as the principles for

granting authorisation to the board of directors at the general meeting and the specific details on the scope of authorisation.

**Article 60** General meetings include annual general meetings and extraordinary general meetings. The annual general meeting shall be convened at least once a year, and held within six months after the end of the previous accounting year.

**Article 61** The Company shall convene an extraordinary general meeting within two months of the occurrence of any one of the following events:

- (1) when the total number of directors is less than the number prescribed by the Company Law or less than two-third of the number required by the Company's Articles of Association;
- (2) when the amount of the losses that the Company has left unrecouped reaches one-third of the total share capital actually received;
- (3) when a shareholder individually holding, or the shareholders together holding, more than 10 per cent of the Company's shares request(s) to convene such a meeting;
- (4) when the board of directors deems it necessary;
- (5) when the supervisory committee proposes to convene such a meeting;
- (6) when it is proposed by more than half of the independent directors, and considered and approved by the board of directors; or
- (7) when other situations stipulated by the Company's articles of association occur.

The shareholding mentioned in subsection (3) is calculated on the date of notice to general meeting. However, prior to the announcement of the resolutions approved at the general meeting, the number of the Company's shares individually or jointly held by the shareholders mentioned in subsection (3) shall not be lower than 10% of the total number of the Company's shares with voting rights; should the shareholding be less than 10%, resolutions passed at the extraordinary general meeting will become invalid.

**Article 62** A general meeting of the Company shall be held as an on-site meeting at the domicile of the Company. The Company shall increase the percentage of shareholders participating in the general meeting through different types of methods and means, e.g. Internet, provided that they are legal and effective.

**Article 63** When the Company holds a 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 the law, administrative regulations, and the Articles of Association;
- (2) whether or not the qualifications of the members 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; and
- (4) legal opinions to be presented on other relevant matters at the request of the Company.

### **Section 3 Conducting of General Meeting**

**Article 64** A general meeting shall be convened by the board of directors and chaired by the chairman of the board of directors. In the event that the chairman of the board of directors is unable to or fails to perform his duties, the vice-chairman of the board of directors shall chair the meeting. In the event that the vice-chairman of the board of directors 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.

**Article 65** More than half of the independent directors shall have the right to propose to the board of directors to convene an extraordinary general meeting. For such proposal, the board of directors shall, in accordance with the requirements of the law, administrative regulations and the Articles of Association, make a written response as to whether or not it agrees to convene an extraordinary general meeting, within 10 days upon receipt of such proposal.

If the board of directors agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days after the resolution of the board of directors is passed; if the board of directors does not agree to convene the extraordinary general meeting, it shall make an announcement with relevant explanations.

**Article 66** The supervisory committee shall have the right to propose to the board of directors to convene an extraordinary general meeting. 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 within 10 days upon receipt of the proposal in accordance with the requirements of the law, administrative regulations and the Articles of Association.

If the board of directors agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five 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 supervisory committee.

If the board of directors does not agree to convene the extraordinary general meeting, or fails to make a response within 10 days upon receipt of the proposal, it shall be deemed that the board of directors is unable or fail to fulfil its responsibilities to convene the general meeting. The supervisory committee can hereby convene and preside the general meeting by itself.

**Article 67** The shareholder(s) individually or collectively holding 10% or more of the shares of the Company shall have the right to request the board of directors to convene an extraordinary general meeting. Such request 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 within 10 days upon receipt of the request in accordance with the requirements of the law, administrative regulations and the Articles of Association.

If the board of directors agrees to convene the extraordinary general meeting, 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 relevant shareholders.

If the board of directors does not agree to convene the extraordinary general meeting, or fails to make a response within 5 days upon receipt of the request, the shareholder(s) individually or collectively holding 10% or more of the shares of the Company shall have the right to propose to the supervisory committee to convene the extraordinary general meeting. Such request shall be made in writing.

If the supervisory committee agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within 5 days upon receipt of the request. Changes made to the original proposal in the notice shall be approved by the relevant shareholders.

If the supervisory committee fails to issue a notice of the general meeting within a specified period, it shall be deemed that the supervisory committee shall not convene and preside the general meeting, the shareholder(s) holding individually or

collectively 10% or more of the shares of the Company for 90 days consecutively may convene and preside over the meeting by himself/herself/themselves.

**Article 68** If the supervisory committee or shareholders decide(s) to convene the extraordinary general meeting by itself/themselves, it/they shall issue a written notice to the board of directors and file with the agency of the securities regulatory body under the State Council and the stock exchange.

Prior to the announcement of the resolutions of the general meeting, the shares held by the convening shareholder(s) shall not be less than 10% of the shares of the Company.

The convening shareholders shall provide relevant evidence to the agency of the securities regulatory body under the State Council where the Company is located and to the stock exchange at the time the notice of general meeting is issued and the announcement of the resolutions of the general meeting is made.

**Article 69** As for the general 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 of the record date.

**Article 70** All necessary expenses incurred by the supervisory committee or the shareholders to convene a general meeting shall be assumed by the Company.

#### **Section 4 Proposals and Notices of General Meetings**

**Article 71** The contents of a proposal shall be within the scope of the duties and responsibilities of the general meeting, have definite topics and specific matters for resolution, as well as in compliance with the relevant requirements of the law, administrative regulations and the Articles of Association.

**Article 72** 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 to the Company proposed resolutions at a 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 convenor of a general meeting 10 days prior to the meeting. The convenor shall issue a supplementary notice of the general meeting and announce the contents of such extra proposed resolutions within 2 days after receipt thereof.

Except as provided by the preceding paragraph, the convenor of a 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 general meeting.

Proposals which are not specified in the notice of the general meeting or which do not comply with Article 71 of the Articles of Association shall not be voted on and resolved at the general meeting.

**Article 73** A written notice of a general meeting shall be given by the convenor 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 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 notice of a general meeting shall be sent to shareholders (regardless of whether they are entitled to vote at the general meeting) by personal delivery or by prepaid post. The addresses of the recipients shall be such addresses as shown in the register of members. For holders of domestic shares, the notice of the general meeting may also be given by way of announcement. For holders of H shares, the notice of the general meeting and the relevant documents may also be given by way of publication on the website of the Hong Kong Stock Exchange in accordance with the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (hereinafter referred to as “Hong Kong Listing Rules”) and in compliance with the relevant procedures.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory body under 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 general meeting.

**Article 74** Pursuant to the written replies received 20 days prior to the general meeting, the Company calculates the number of shares with voting rights represented by the shareholders who intend to attend the meeting. In the event that the number of shares with voting rights represented by the shareholders who intend to attend the meeting reach more than half of the Company's total number of shares with voting rights, the Company may hold the general meeting; if not, the Company shall within 5 days notify shareholders once again of the matters to be considered at, and the date and venue of the meeting by way of announcement. Once a notice is made by announcement, the Company may hold the general meeting.

**Article 75** The notice of general meeting shall include the following contents:

- (1) the date, venue, and duration of the meeting;
- (2) matters and resolutions to be considered at the meeting;
- (3) contain an express statement that a shareholder is entitled to attend at the general meeting, and to appoint proxies to attend and vote on his/her behalf at the meeting, and that a proxy need not be a shareholder of the Company;
- (4) the record date on which shareholders have the right to attend the general meeting;
- (5) the names and telephone numbers of permanent contact persons for the affairs of the meeting; and
- (6) the time and place of serving a power of attorney of the voting proxy.

Details of all proposals shall be fully and completely disclosed in the notice of the 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 general meeting or a supplementary notice shall, when given, also disclose the opinions and reasons of the independent directors.

The notice of the general meeting and its supplementary notice shall provide shareholders with required information and explanations to enable the shareholders to make sensible decisions on the matters to be 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.

In the event that any directors, supervisors, managers or other senior management have a significant interest in the matters to be discussed, the nature and extent of such interest shall be disclosed in the notice of the general meeting and its supplementary

notice; in the event that the impact of the matters to be discussed on the directors, supervisors, managers and other senior management as shareholders is different from that on the other shareholders of the same class, the notice shall explain the difference.

In the event that the Company provides to shareholders with an online voting system the shareholding meeting, the time and procedures for online voting, as well as matters to be considered shall be specifically stated in the notice of the general meeting.

**Article 76** In the event that the election of directors and supervisors is to be discussed at a general meeting, the notice of the general meeting shall fully disclose details of candidates for the directors and supervisors, and shall at least include the following particulars:

- (1) their educational background, work experience, part-time jobs and other personal details;
- (2) whether or not they have any connections with the Company or the Company's controlling shareholders and de facto controllers;
- (3) the disclosed number of shares of the Company they hold; and
- (4) whether or not they have been penalized by the securities regulatory body under the State Council and other relevant departments, and disciplined by the stock exchange.

**Article 77** The interval between the record date and the date of the meeting shall not be more than 7 working days. Once the record date is confirmed, no change may be made thereto.

**Article 78** After a notice of general meeting is given, the general meeting shall not be postponed or cancelled, and the proposals set out in the notice of general meeting shall not be cancelled without due reason. In the event that the meeting is postponed or cancelled, the convenor shall make an announcement and explain the reasons at least 2 working days prior to the scheduled meeting date.

## **Section 5 The Convening of General Meetings**

**Article 79** The board of directors of the Company and other convenors shall take necessary measures to ensure the normal order of a general meeting. They shall take measures to prevent any interference with the general meeting, disturbance and

violation of the legitimate rights and interests of shareholders and promptly report the same to the relevant departments for investigation.

**Article 80** All shareholders recorded in the register on the record date shall have the right to attend general meetings, and exercise the rights to vote in accordance with the relevant law, regulations and the Articles of Association.

A shareholder may attend a general meeting in person, and also may 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 general meeting;
- (2) the right to request by himself/herself or jointly with others to conduct a poll;
- (3) the right to vote by a show of hands or poll, except in circumstances where a shareholder has appointed more than one proxy, such proxies can only exercise the voting right by poll.

If a shareholder is a recognized clearing house (or its agent) within the meaning of the Securities and Futures Ordinance of Hong Kong(Chapter 571 of Hong Kong laws), he/she may authorize one or more proxy(ies) as he/she thinks fit to act as his/her proxy(ies) at any general meeting (or class meeting of shareholders). However, if more than one proxies are appointed, the proxy form shall specify the number and class of shares represented by each of such proxies under the authorization. Such authorized proxies may exercise the right of the recognized clearing house (or their agent) as if they are individual shareholders of the Company.

**Article 81** In the event that an individual shareholder attends a general meeting in person, he/she shall produce his/her own identity card or other valid documents or proof capable of identifying himself/herself, and stock account card. In the event that a proxy is appointed to attend the meeting for someone else, he/she shall produce his/her own valid identity documents and the power of attorney from the shareholder.

For a legal person shareholder, its statutory representative or a proxy appointed by such statutory representative shall attend the meeting. In the event that the statutory representative attends the meeting, he/she shall produce his/her own identity card or valid proof capable of proving that he/she has the status of a statutory representative. In the event that the appointed proxy attends the meeting, he/she shall produce his/her

own identity card and the written power of attorney issued by the statutory representative of the legal person shareholder according to law.

**Article 82** The appointment of proxy by a shareholder shall be made in writing, and signed by the appointer or by his/her attorney duly authorised in writing. If the principal is a legal person, the instrument shall be under its seal or under the hand of its director or other attorney duly authorised to sign the same.

The power of attorney issued by a shareholder to appoint another person to attend a 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 general meeting;
- (4) the date and validity of the power of attorney; and
- (5) the signature (or seal) of the principal. If the principal is a legal person shareholder, the seal of the legal entity shall also be affixed;

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

**Article 83** Proxy forms shall be made present at least 24 hours prior to the meeting at which voting is to be carried out by proxy under the proxy forms or 24 hours prior to the designated voting time at the Company's domicile or elsewhere specified in the notice of the meeting. In the event that the proxy forms are signed by other persons authorized by the principal, the letter of authority authorizing the signatures or other authorization documents shall be notarized. Notarized letter of authority or other authorization documents together with the proxy forms shall be made available at the Company's domicile or elsewhere specified in the notice of the meeting.

In the event that the principal is a legal person, its statutory representative or board of directors, or other person authorized by the resolution of its decision-making body shall represent it at the general meeting of the Company.



**Article 84** In the event that principal has died, lost the capacity for acts, withdrawn the appointment or withdrawn the authorization signed for the appointment, or transferred the relevant shares prior to voting, the votes cast by a proxy according to the proxy form shall remain valid, as long as the Company has not received a written notice of such matters prior to the meeting.

**Article 85** An attendance register for the meeting shall be compiled by the Company. The attendance register shall list the name (or name of organisation), identity card number and home address of the attendants, the number of shares with voting rights held by the attendants or held on behalf of others, as well as the name of the principals (or name of organisation) and so on.

**Article 86** The convenor and the lawyers engaged by the Company shall jointly verify the legitimacy of the qualifications of shareholders based on the register of members provided by the securities depository and clearing house, and record the names of shareholders and the number of voting shares held by them. Registration for the meeting shall end 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 by them.

**Article 87** During a general meeting, all the directors and supervisors of the Company and secretary of the board of directors shall be present at the meeting. Senior management shall also attend the meeting. Save for the Company's trade secrets that cannot be disclosed at the general meeting, directors, supervisors and senior management shall answer or give explanation to any questions raised and suggestions made by shareholders.

**Article 88** A 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 of the supervisory committee 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 general meeting convened by shareholders on their own shall be chaired by a representative elected by the convenor.

During a general meeting, in the event that the chairman of the meeting violates the rules of procedure so that the 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 shareholders with a simple majority of the voting rights present at the meeting.

**Article 89** At an annual general meeting, the board of directors and the supervisory committee shall report to the meeting on their work over the past year. Independent directors shall also present reports on their work at the meeting.

**Article 90** 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 by them. The number of shareholders and proxies physically present at the meeting as well as the total number of voting shares held by them shall be based on the registration at the meeting.

### **Section 6 Voting and Resolutions of a General Meeting**

**Article 91** When voting at a general meeting, a shareholder (including his/her proxy(ies)) shall exercise his/her voting rights in respect of the number of voting shares it represents. Each share shall have one vote. All shareholders or their proxies recorded in the register on the record date shall have the right to attend the general meeting and exercise the rights to vote in accordance with the relevant law, regulations and the Articles of Association.

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 general meeting.

The board of directors, independent directors, and shareholders satisfying relevant requirements may solicit voting rights from the shareholders of the Company.

**Article 92** Resolutions of the general meeting shall be divided into ordinary resolutions and special resolutions.

To pass an ordinary resolution at a general meeting, votes representing a simple majority of the voting rights of the shareholders (including proxies) present at the meeting shall be cast in favour of such resolution.

To pass a special resolution at a general meeting, votes representing more than two-thirds of the voting rights of the shareholders (including proxies) present at the

meeting shall be cast in favour of such resolution.

**Article 93** The following matters shall be passed by way of ordinary resolutions at a general meeting:

- (1) the work report of the board of directors and the supervisory committee;
- (2) the board of directors' proposed profit distribution plan and loss recovery plan;
- (3) the appointment of directors, the appointment and removal of supervisors assumed by non-staff representatives, and determination of the remuneration of the board of directors and supervisory committee and payment methods thereof;
- (4) the Company's annual budget and final accounts proposals;
- (5) the Company's annual report; and
- (6) matters other than those that are required to be passed by special resolution in accordance with the law, provisions of administrative regulations, or provisions of the Company's Articles of Association

**Article 94** The following matters shall be passed by way of special resolutions at a 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 purchase or sale of major assets or guarantee amount in excess of 30% of the Company's total assets within the previous year;
- (3) the spin-off, merger, change in corporate form, dissolution and liquidation of the Company;
- (4) amendments to the Company's Articles of Association;
- (5) equity incentive plans; and
- (7) other matters which are required to be passed by special resolution under the Company's Articles of Association, and which are supposed to have a significant impact on the Company if they are passed by ordinary resolution at a general meeting

**Article 95** The Company safeguards the rights of shareholders to elect directors and supervisors. Cumulative voting system is adopted for the election of directors and supervisors at the general meeting.

The system of cumulative voting means that for election of directors or supervisors at a general meeting of a listed company, the number of voting rights allocated to each share is equal to the number of directors or supervisors to be elected and such voting rights held by the shareholders may be pooled.

**Article 96** Save that the Company is under exceptional circumstances such as a crisis, unless approved by way of special resolution at a general meeting, the Company shall not enter into any contracts with any person other than the directors, president and other senior management pursuant to which the management of all or a substantial part of the business of the Company will be given to such person.

**Article 97** The list of candidates for directors and supervisors shall be submitted to the general meeting for voting in the form of proposal.

The list of candidates for non-independent directors shall be nominated by the previous board of directors or shareholder(s) who individually or jointly hold(s) more than 3% of the Company's total outstanding issued shares with voting rights for 180 trading days consecutively.

Among the candidates for the supervisory committee, supervisor assumed by shareholder representatives shall be nominated by the previous supervisory committee or shareholder(s) who individually or jointly hold(s) more than 3% of the Company's total outstanding issued shares with voting rights.

The election of independent directors shall be carried out in accordance with the relevant regulations.

The board of directors shall disclose detailed information about the candidates for directors and supervisors prior to the convention of the general meeting. The candidates for directors shall give their consent to accept the nomination in a written undertaking prior to the convention of the general meeting, and undertake that the disclosed information on the candidates for directors is true, complete, and guarantee that they will perform the duties of directors diligently.

**Article 98** Other than the cumulative voting system, the general meeting shall vote on each of the proposals as a separate proposal, and in the event that there are a number of proposals under one issue, voting will be proceeded according to the order of time these proposals are put forward. Other than special reasons such as force majeure which results in the interruption of the meeting or makes it impossible to decide on a resolution, the general meeting shall not put aside or not vote on the proposals.

**Article 99** When a proposal is being considered at a 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 general meeting.

**Article 100** Voting at a general meeting is conducted by way of registered poll or other acceptable voting methods applicable to the listing rules. The same voting right may only be exercised at an on-site meeting, during online voting or through another voting method. In the event that the same voting right is repeated, the result of the first vote shall prevail.

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 in contravention of such requirement or restriction shall not be counted in the total number of shares with voting rights.

**Article 101** 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 102** Before voting takes place on a proposal at a general meeting, two shareholder 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 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 online voting or other voting methods shall have the right to inspect their own voting results through an appropriate voting system.

**Article 103** An on-site general meeting shall not end earlier than the one held on the Internet 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.

Before the formal announcement of voting results, vote counters, vote scrutineers, major shareholders, network service providers and other related parties involved in the on-site general meeting, online voting and other voting methods shall be under a confidentiality obligation relating to the details of the voting.

**Article 104** Shareholders present at a 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”.

In the case of a tie over a proposal submitted for voting, the chairman of the meeting shall be entitled to an additional vote.

**Article 105** In the event that the chairman of a meeting has any doubt about the results of a resolution submitted for voting, he may arrange the counting of the votes cast; in the event that the chairman of the meeting has not counted the votes but shareholders or their proxies present at the meeting disagree with the results announced by the chairman, they shall have the right to request vote counting immediately after the voting results are announced. The chairman shall immediately arrange the counting of votes.

**Article 106** When connected transactions are considered at a general meeting, interested shareholders shall not participate in voting. The total number of shares with voting rights represented by them shall not be counted in the total number of valid votes. The voting of uninterested shareholders shall be disclosed fully in the announcement on the resolutions of a general meeting.

**Article 107** Minutes shall be prepared for a general meeting by a person designated by the convenor. 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 name of the chairman of the meeting and the name of the directors, supervisors, secretary to the board of directors, president, and other senior management attending or sitting in on the meeting;
- (3) the number of holders (including proxies) of domestic shares and holders (including proxies) of foreign shares attending the general meetings, the number of voting shares held and their respective percentages of the Company's total number of shares;
- (4) the review process of and main points of remarks on each proposal;
- (5) the results of voting by holders of domestic shares and holders of overseas listed foreign shares on each resolution;
- (6) questions, comments or suggestions by shareholders, and the replies thereto or explanations thereof;
- (7) the name of lawyers, counters and scrutineers of votes; and
- (8) other particulars that shall be recorded into the meeting minutes as prescribed the Company's Articles of Association

**Article 108** The convenor shall ensure that the particulars of the meeting minutes are true, accurate and complete. Directors, supervisors, secretary to the board of directors, convenor or his/her representative, chairman of the meeting who attended the meeting and the person who took the minutes shall sign the minutes of the meeting. The minutes of the meeting shall be kept together with the signature book of shareholders present at the meeting and powers of attorney of proxies present, and shall be kept for a period of 10 years.

**Article 109** An announcement on the resolutions of a general meeting shall be made promptly. In the event that a proposal is not passed at a general meeting, or a resolution passed at a previous general meeting is modified at this general meeting, a special note shall be made in the announcement on the resolutions of the general meeting.

**Article 110** A convenor shall ensure that a general meeting shall be held consecutively until a final resolution is formed. In the event that a general meeting is suspended or no resolutions can be made thereat due to special reasons, the convenor shall report to the agency of the securities regulatory body under the State Council where the Company is located as well as the stock exchange, and take necessary measures to restore the meeting as soon as possible or directly terminate the meeting, and make an announcement promptly.

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

**Article 111** Shareholders holding shares that are a different class of shares shall be defined as class shareholders holding that class of shares.

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

**Article 112** 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 general meeting, and at general meetings respectively convened by affected class shareholders in accordance with Articles 114 to 118.

**Article 113** 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 and/or acquired by the shares of that class to 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 of 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 articles of this chapter.

**Article 114** Affected class shareholders, regardless of formerly having the voting rights at 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 113. 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 26 hereof, or repurchase its own shares through public trading on a stock exchange, “interested shareholders” mean the controlling shareholders as defined under Article 57 hereof;

(2) when the Company repurchase its own shares by over-the-counter agreement in accordance with Article 26 hereof, “interested shareholders” mean the shareholders in relation to that agreement; or

(3) in a corporate restructuring programme, “interested shareholders” mean the shareholders who undertake obligations in 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.

**Article 115** Resolutions may only be made at a class meeting after they are passed by votes representing more than two-third of the shareholders with voting rights present thereat in accordance with Article 114 hereof.

**Article 116** To convene a class meeting, the Company shall issue a written notice 45 days prior to the meeting, notifying all the shareholders of that class of shares appearing in the register of the matters to be considered thereat as well as the date and venue of the meeting. The shareholders who intend to attend the meeting shall serve written replies to the Company 20 days prior to the meeting.

In the event that the number of shares with voting rights at the meeting represented by

the shareholders who intend to attend the meeting reach more than half of the total number of shares of that class with voting rights thereat, the Company may hold the class meeting, if not, the Company shall within 5 days notify shareholders once again of the matters to be considered as well as the date and venue of the meeting by way of announcement. Once a notice is made by announcement, the Company may hold the class meeting.

To convene a H share class meeting, the number of shares with voting rights represented by shareholders attending the meeting should reach more than one third of the total number of H shares with voting rights at the meeting.

**Article 117** The notice of a class meeting shall only be given to shareholders with the rights to vote thereat.

The procedures for convening a class meeting shall be as similar as possible to those for convening a general meeting. The articles in the Company's Articles of Association regarding the procedures for convening a general meeting shall apply to class meetings.

**Article 118** Other than the shareholders of other classes of shares, holders of domestic shares and overseas listed foreign shares shall be deemed as shareholders of different classes.

The following scenarios shall not apply to the special procedures for voting by class shareholders:

With the approval by special resolution at a general meeting, the Company issues either domestic shares or overseas listed foreign shares or both at an interval of 12 months, and the respective number of the proposed domestic shares and overseas listed foreign shares does not exceed 20% of the outstanding shares of that class.

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

### **Section 1 Directors**

**Article 119** Directors of the Company shall be natural persons. A director needs not hold any of the Company's shares.

**Article 120** None of the following persons shall serve as a director of the Company:

- (1) a person who has no or limited capacity for civil conduct;
- (2) a person who was sentenced to criminal punishment for embezzlement, bribery, seizure of property or misappropriation of property or for sabotage of the socialist market economic order, where less than five years have elapsed after the expiration of the period of execution; or a person who was deprived of his political rights for the commission of a crime, where less than five years have elapsed after the expiration of the period of execution;
- (3) a person who, being a director or the head or manager of a company or enterprise that went into bankruptcy and liquidation, was personally liable for the bankruptcy of the said company or enterprise, where less than three years have elapsed from the date liquidation of the company or enterprise was completed;
- (4) a person who, being the statutory representative of a company or an enterprise, the business license of which was revoked for violation of law and which was ordered to close down, was personally liable for the above, where less than three years have elapsed from the date the business license of the company or enterprise was revoked;
- (5) a person who fails to liquidate a relatively large amount of personal debts when they are due;
- (6) a person who is under investigation by the judicial authorities after a claim has been brought for breaking criminal law, pending conclusion of the case;
- (7) a person who is not eligible for enterprise leadership under the law and administrative regulations;
- (8) a person who was found guilty of violating relevant securities regulations and involved in fraud or dishonesty as adjudged by the relevant regulatory authorities, where less than five years have elapsed from the date of adjudication; or
- (9) a person who falls within other circumstances specified by the law, administrative regulations and departmental 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 circumstances stipulated in this article in his term of office, the director shall be removed from office.

**Article 121** Directors shall be elected or replaced by general meeting. The term of office of directors is three years, commencing from the date of approval by the general meeting up to the expiry of the current term of office of the board of directors. The term of office of directors is renewable upon re-election at its expiry. A director

may not be removed from office by the 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

Directors may hold a concurrent post as president or other senior manager of the Company, provided that the total number of directors who are serving concurrently as president or other senior manager together with the director assumed by staff representative shall not be more than half of the total number of directors of the Company.

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 7 days before the holding of the general meeting. The minimum notice period of such written notice is 7 days.

**Article 122** In the event that a director resigns due to whatever reasons, the term of office of a by-elected director will commence from the date of approval by the general meeting up to the expiry of the current term of office of the board of directors. 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 the law, administrative regulations, departmental rules and the provisions of the Articles of Association until the re-elected director assumes office.

**Article 123** Directors shall abide by the law, regulations and provisions of the Company's Articles of Association, and shall faithfully and diligently fulfil their obligations to the Company. When their own interests conflict with those of the Company and shareholders, they should act in the best interests of the Company and shareholders. A director shall not conduct the following:

- (1) abuse his/her position to accept bribes or other illegal income or misappropriate the properties of the Company;
- (2) misappropriate the funds of the Company;
- (3) set up accounts in his/her 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) 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 general meeting or the board of directors in contravention of the provisions of the Company's Articles of Association;

(5) enter into contracts or carry out transactions with the Company in contravention of the provisions of the Company's Articles of Association or without the consent of the general meeting;

(6) abuse his/her position to seize business opportunities for himself/herself or for other persons which should otherwise belong to the Company, or operate a business similar to that of the Company for himself/herself or for other persons without the consent of the general meeting;

(7) misappropriate commissions derived from transactions entered into by the Company;

(8) disclose confidential information of the Company without permission;

(9) abuse his connections with the Company to jeopardize the interests of the Company; or

(10) other faithful obligations as required by the law, regulations, departmental rules and the Articles of Association.

Any income derived by a director in violation of the provisions of the preceding paragraphs shall belong to the Company. The director shall be liable to indemnify the Company against any loss incurred.

**Article 124** Directors shall exercise the rights conferred by the Company with due discretion, care and diligence to ensure:

(1) the business operations of the Company comply with the State's law, administrative regulations and requirements of the State's economic policies, not exceeding the scope of business specified in the Company's business license;

(2) that all shareholders are treated impartially;

(3) they review the various business and financial reports of the listed company with due diligence, and are kept abreast of the business operations and management of the Company;

(4) that a director can personally exercise the power, legally vested in him, to manage the Company and shall not allow himself to act under the control of any other party; unless and to the extent permitted by the law, administrative regulations or with the consent of informed shareholders at a general meeting, will not delegate the power to others to exercise;

(5) they attend general meetings as requested, and respond to questions raised by

shareholders

(6) they honestly provide the supervisory committee with relevant information, and not to interfere with the supervisory committee or supervisors in performing their duties and powers; and

(7) they fulfil other due diligence obligations stipulated by the law, administrative regulations, departmental rules and provisions of the Articles of Association

**Article 125** No directors shall act, in their personal capacity, on behalf of the Company or the board of directors if not provided in the provisions of the Company's Articles of Association or appropriately authorised by the board of directors. 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 of directors.

**Article 126** Where a director as an individual or other companies in which he works for is/are, directly or indirectly, interested in an existing contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than an employment contract), he shall declare the nature and extent of his interest to the board of directors at the earliest opportunity, whether or not the relevant issues under ordinary situation shall be otherwise subject to approval of the Board.

Unless a connected director has disclosed his interests to the board of directors in accordance with the preceding paragraph of this Article, and the contract, transaction or arrangement was approved by the board of directors at a meeting at which such interested director 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 third party.

**Article 127** Where a director of the Company gives to the board of directors, 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 of any description 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.

**Article 128** A director who cannot attend board meetings 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 of directors at a general meeting.

**Article 129** Directors may request to resign before expiry of their terms of office. The directors to resign shall submit to the board of directors a written report in relation to their resignation. The board of directors shall disclose the relevant information within 2 days.

In the event that the resignation of any director results in the number of members of the board of directors falling below the quorum, the existing director shall continue to perform his duties in accordance with the law, regulations, and provisions of the Company's 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 of directors.

The rest of the board of directors shall convene an extraordinary general meeting at the earliest opportunity, to elect a director to fill the vacancy left by the resignation of a director. Prior to a general meeting's approval of the election of the director, the power of the director who has submitted his/her resignation and that of the rest of the board of directors shall be subject to reasonable restriction.

**Article 130** Upon a director's submission of his resignation or at the expiry of his office, his obligations to the Company and the shareholders shall not necessarily cease before his resignation report becoming effective or within a reasonable period after it becoming effective or after the termination of tenure. The duty of confidentiality in relation to trade secrets of the Company shall survive upon termination of his tenure up until the disclosure of such trade secrets. 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 131** A director shall be liable for indemnification to any loss caused to the Company as a result of absence from his duties without permission prior to the expiry of his office.

**Article 132** Directors shall sign the regular reports of the Company for

confirmation, and to ensure the information disclosed by the listed company is true, accurate and complete.

**Article 133** The provisions stipulated in this section regarding directors' obligations shall be applicable to the supervisors, president and other senior management of the Company.

**Article 134** Independent directors shall perform their duties in accordance with the relevant requirements of the law, administrative regulations and departmental rules.

## **Section 2 The Board of Directors**

**Article 135** A board ("Board") of directors of the Company shall be established to report to the general meeting.

**Article 136** The Board shall consist of 11 members, including one chairman, one to two vice chairmen. At least one-third of the Board shall comprise independent directors, and at least one independent director shall be a professional accountant.

**Article 137** 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, spin-off, dissolution or change in corporate form;
- (8) to determine matters relating to the Company's external investment, asset acquisition and disposal, asset mortgage, asset management within the scope of the Articles of Association;
- (9) to determine matters relating to the Company's external guarantee within the scope of the Articles of Association;
- (10) to determine the establishment of the Company's internal management system;
- (11) 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 management including vice presidents and person-in-charge of finance affairs, and to decide on



their remuneration, rewards and penalties;

(12) to formulate the Company's basic management system;

(13) to formulate the proposed amendments to the Articles of Association;

(14) to deal with information disclosures of the Company;

(15) to propose to the general meeting for appointment or replacement of the accounting firms serving as the auditors of the Company;

(16) to receive work report submitted by the president of the Company and to review his performance;

(17) to formulate performance appraisal incentive plans, among which equity incentive plan will be submitted to the general meeting by the Board for consideration, while incentive plans that do not involve equity shall be decided by the Board; and

(18) to exercise other duties and powers specified in the law, regulations, or the provisions of the Company's Articles of Association.

Subsections (6), (7), (9) and (13) shall require the consent of two-third or more of the Board.

**Article 138** The Board shall give explanations at the general meeting on the qualified audit opinions issued by certified public accountants on the Company's financial report.

**Article 139** The Board shall not, without prior approval of the general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the consideration for the proposed disposal and the value of the consideration for any disposal of fixed assets within four months immediately preceding the proposed disposal exceeds 33% of the value of the Company's fixed assets as stated in the latest balance sheet approved by the general meeting.

A "disposal of fixed assets" as referred to in this Article includes the transfer of interest in certain assets but excludes the usage of fixed assets for provision of guarantee.

The effectiveness of transaction of the Company's disposal of fixed assets will not be affected by a breach of the first paragraph of this Article.

**Article 140** The Board shall formulate the rules of procedures for the Board to ensure its efficiency and scientific decision-making.

Such rules of procedures shall be annexed to the Company's Articles of Association and subject to approval by the general meeting.

**Article 141** In deciding on issues such as external investments, acquisition, disposal and mortgage of assets, external guarantees, and asset management mandate, the Board shall carry out strict examination and comply with the decision-making process, and organise relevant experts and professionals to make assessments on major investment projects, and then submit to the general meeting for approval.

Pursuant to the Company Law and requirements of relevant regulations, any intended investment projects of the Company with an investment amount accounting for more than 10% of the Company's latest audited total assets shall be subject to approval of the Board. Any intended investment projects of the Company with an investment amount accounting for more than 50% of the Company's latest audited total assets shall be subject to approval of the general meeting.

**Article 142** The Board may, according to the provisions of relevant law and regulations, formulate stock option incentive scheme and submit to the general meeting for consideration, and pursuant to the stock option incentive scheme considered and approved by the general meeting, decide whether to grant the stock options on a one-off basis or in separate tranches. However, the aggregate number of underlying shares resulting from the accumulative number of stock options granted shall not exceed the aggregate number of underlying shares under the stock option incentive scheme.

**Article 143** Within 10 business days after the completion of off-office auditing on a director under the Company's payroll, the Board shall review and express its opinion on the off-office audit report. The Board shall file the results of the off-office audit report and opinions of the Board to the securities regulatory body and stock exchange within 10 business days, and report at the latest general meeting.

**Article 144** The chairman and vice chairman of the Board shall be assumed by directors, and shall be elected and removed by a simple majority of the directors.

**Article 145** The chairman of the Board shall perform the following duties and powers:

- (1) to preside over general meetings and to convene and preside over Board meetings;
- (2) to supervise and monitor the implementation of resolutions of Board meetings;

- (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 statutory representative;
- (5) to exercise the authority and powers of a statutory representative;
- (6) to exercise special discretionary power on corporate affairs in accordance with the law 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 general meeting;
- (7) to nominate or recommend candidates for president, consultant to the Board and specialist consultant, secretary to the Board for the Board to consider and vote on; and
- (8) other duties and powers as authorised by the Board.

**Article 146** The authorisation by the Board to the chairman to perform certain duties of the Board during the adjournment of Board meetings, shall in principle, be specific with regard to the matters concerned and the monetary limit. The content of authorisation shall be explicit and in details. Any matter that is of material interest to the Company shall be decided by the entire Board.

**Article 147** 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 by more than half of the directors to perform such duties.

**Article 148** The board shall at least hold four regular meetings each year. Board meetings shall be convened by the chairman, and written notice of the meeting shall be served on all directors 14 days before the date of the meeting.

**Article 149** An extraordinary meeting of the Board shall be convened and presided over by the chairman within 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 jointly proposed by more than one-third of the directors;
- (3) if proposed by the Supervisory Committee;
- (4) if proposed by shareholders representing more than 10% of the voting rights;
- (5) if proposed by more than half of the independent directors, or
- (6) if proposed by the president.

**Article 150** The form of notice of convening an extraordinary meeting of the Board

shall be as follows: written notice of meeting; the notice shall be given 3 business days before the date of the extraordinary meeting of the Board.

For special cases that require the Board to make decisions immediately, the chairman shall not be subject to the requirements for the form of notice and notification period set out in the preceding paragraph when convening the extraordinary meeting for the sake of the Company's interests,

**Article 151** A notice of the 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; and
- (4) date of the notice.

**Article 152** Meetings of the Board shall be held only if a simple majority of the directors are present. Each director shall have one vote in respect of each resolution of the Board. Resolutions of the Board must be passed by a simple majority of all the directors.

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 other directors. The meeting may be held if it is quorated by a simple majority of the unconnected directors. Resolutions of the Board meeting shall be passed by a simple majority 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 general meeting for discussion and consideration

**Article 153** Resolutions of the Board meeting may be voted by a show of hands, a poll, fax or email.

As long as all the directors can fully express their opinions, an extraordinary Board meeting may be held by way of fax or email, and resolutions passed shall be signed by all participating directors.

**Article 154** Directors shall attend Board meetings in person. A director attends a Board meeting by way of video conference or teleconference may be deemed as attending the meeting in person. If a director cannot attend a 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 behalf of others 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/her behalf, the director shall be deemed to have waived his/her voting right at that meeting.

**Article 155** Minutes shall be taken for the Board meeting, and directors attending the meeting, secretary to the Board and the person who takes 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 maintained as corporate archives by the secretary to the Board for a period of 10 years.

**Article 156** The minutes of the Board meeting 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 the directors (proxies) appointed by others to attend the Board meeting;
- (3) agenda of the meeting;
- (4) main points of the statements of directors; and
- (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 157** Directors shall sign on Board resolutions and shall be accountable for the Board resolutions. If a board resolution violates the law, administrative regulations or the Company's 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.

**Article 158** The Company may purchase liability insurance for its directors subject to approval by the general meeting, save for those liabilities arising from breach of the law, regulations and provisions of the Company's Articles of Association by the

directors.

**Article 159** The Board may set up an audit committee, a remuneration and nomination committee, investment and decision-making committee. All such committees shall consist of directors. The majority of the members of the audit committee and remuneration and nomination committee shall be independent directors, who shall convene the meetings of such committees. The audit committee shall consist of at least three members with at least one independent director who is a professional accountant.

The main functions of the audit committee are: (1) to make proposals regarding the appointment or replacement of external auditor; (2) to supervise the internal audit system of the Company and its implementation; (3) to be responsible for the communication between internal auditing and external auditing; (4) to examine the financial information of the Company and the disclosure thereof; and, (5) to examine the internal control system of the Company.

The main functions of the remuneration and nomination committee are: (1) to study the appraisal standards for directors and president, conduct such appraisal and make recommendations; (2) to study and examine the remuneration policy and plan for directors and president; (3) to study the criteria and procedures for the selection of directors and senior management, and make recommendations to the Board; (4) to conduct extensive search for qualified candidates for directors and senior management; to examine candidates for directors and senior management and make recommendations.

The main function of the investment and decision-making committee is to do research and make proposals on the long-term development strategy and major investment decisions of the Company

**Article 160** The Company shall take an active role in establishing an adequate system of investor relationship management and enhance communications between the Company and its shareholders, especially its minority shareholders, through various channels.

## **Chapter 7 President and Other Senior management**

**Article 161** The Company shall have one president, who shall be appointed or

removed by the Board. A director may be appointed to act concurrently as a president, vice president or other senior management, but the number of directors acting concurrently as president, vice-presidents, or other senior management shall not exceed half of the total number of directors.

**Article 162** Requirements set out in the Articles of Association with respect to the directors' duty of good faithfulness and directors' obligations of diligence, as well as requirements set out in Article 120 with respect to disqualified directors shall also be applicable to the president and other senior management.

**Article 163** A person holding duties other than directorship in the Company's controlling shareholders and de facto controllers shall not hold the office of president and other senior management of the Company.

**Article 164** The president shall serve for a term of 3 years and may serve consecutive terms if reappointed.

**Article 165** The president shall report to the Board and have the following duties and powers:

- (1) to be in charge of the production, operation and management of the Company, and to report his work to the Board;
- (2) to organize and implement the resolutions adopted by the Board, the annual business plans and investment plans of the Company;
- (3) to draft schemes for the establishment of the Company's internal management departments;
- (4) to draft the basic management systems of the Company;
- (5) to formulate detailed rules and regulations of the Company;
- (6) to make proposals regarding the appointment or removal of the vice president and person-in-charge of finance affairs of the Company;
- (7) to appoint or remove managerial officers other than those to be appointed or removed by the Board;
- (8) to formulate plans for the remunerations, benefits, awards and punishments of the employees of the Company and determine the employment and removal of such employees;
- (9) other duties and powers authorized by the Company's Articles of Association or by the Board; and
- (10) to propose to convene an extraordinary meeting of the Board.

**Article 166** The president shall be present at Board meetings, but a non-director president shall not have the voting rights at such meetings.

**Article 167** In handling issues relating to the remuneration, benefits, safety production and labour protection and insurance, removal (or expulsion) of employees of the Company, the president shall first consult with the trade union or the staff representatives meeting.

**Article 168** The president shall formulate rules of work of the president and submit the same to the Board for approval and, upon such approval, implement such rules.

**Article 169** The rules of work of 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, executive vice presidents and other senior management;
- (3) the use of funds and assets of the Company, authority to enter into material contracts and systems for reporting to the Board and Supervisory Committee; and
- (4) other matters as deemed necessary by the Board.

**Article 170** The president may resign prior to the expiration of his term of office. The detailed procedures and measures for the president's resignation shall be set out in the service contract entered into between the president and the Company.

**Article 171** The Company shall have a secretary to the Board, who shall be a senior management. He/she shall be responsible for preparing general meetings and board meetings, keeping documents and managing the Company's register of members, as well as handling matters relating to information disclosure. The secretary to the Board shall be a natural person, possessing the necessary professional expertise and related work experience, and shall be appointed by the Board.

The secretary to the Board shall comply with the law, administrative regulations, departmental rules and the relevant requirements of the Articles of Association.

**Article 172** A director or other senior management of the Company may concurrently serve as the secretary to the Board. No accountant of the accounting 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 a director and the secretary to the Board respectively, he/she shall not do the act in his double capacities.

**Article 173** Senior management of the Company shall strictly implement the relevant resolutions approved by the Board, and shall not change or refuse to implement the Board's resolutions without permission. Should there be changes in the objective conditions and the business environment, senior management shall promptly report to the Board.

**Article 174** Senior management of the Company shall sign the regular reports of the Company for confirmation.

Senior management of the Company shall ensure the information disclosed by the listed company is true, accurate and complete;

**Article 175** Should a director give an instruction beyond the scope of authorisation entrusted to him/her by the Board, the Company's senior management shall request the director to first comply with the corresponding approval procedures in accordance with the Company's Articles of Association or the relevant provisions

**Article 176** Senior management of the Company shall report to the Board or Supervisory Committee on the progress of implementation of the Board's resolutions, as well as signing and execution of material contracts, the use of funds and profits and losses of the Company, and other relevant information at the request of the Board or Supervisory Committee, and shall ensure the truthfulness, accuracy, completeness and timeliness of such reports.

The Company's senior management shall be liable for losses caused to the Company as a result of the alteration of or their refusal to implement the Board's resolutions without permission, and their failure to accurately report to the Board or Supervisory Committee on the Company's actual situation.

## **Chapter 8 Supervisory Committee**

### **Section 1 Supervisors**

**Article 177** The supervisory committee shall consist of shareholder representatives

and staff representatives. Supervisors assumed by the Company's staff representatives shall not be less than one-third of the total number of supervisors.

**Article 178** Requirements set out in the Articles of Association with respect to the directors' duty of good faith and directors' obligations of diligence, as well as requirements with respect to disqualified directors shall also be applicable to supervisors. Directors, president and other senior management shall not serve concurrently as supervisors.

**Article 179** Each supervisor shall serve for a term of three years. Supervisors who are shareholders shall be elected or replaced by the 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 180** 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 the law, administrative regulations and the Company's Articles of Association until the re-elected supervisor assumes office.

**Article 181** Supervisors shall attend meetings of the supervisory committee in person. A supervisor attends a supervisory committee meeting by way of video conference or teleconference may be deemed as attending the meeting in person. A supervisor who cannot attend supervisory committee meetings in person twice consecutively is deemed as failure in performing his/her duties.

**Article 182** A supervisor may resign before the expiry of his tenure. The provisions regarding resignation of directors stipulated in Chapter 5 of the Articles of Association shall be applicable to supervisors.

**Article 183** Supervisors shall ensure the truthfulness, accuracy and completeness of the information disclosed by the listed company.

**Article 184** Supervisors shall supervise the Company's financial affairs, as well as the compliance of the law and regulations in the work of senior management, to safeguard the legitimate interests of the Company and its shareholders.

Supervisors shall demand rectification by senior management when the acts of such persons are harmful to the Company's interest and in violation of resolutions approved by general meetings, and inform the Board and general meeting or report to the relevant departments.

**Article 185** Supervisors shall not use their relationship to prejudice the Company's interests. A supervisor who violates any law, regulations, or the Company's Articles of Association during the course of performing his duties shall be liable for indemnification to any loss so caused to the Company.

**Article 186** Supervisors may attend Board meetings as non-voting participants, and make enquiry or suggestion regarding matters to be resolved thereat. The supervisory committee may conduct investigations whenever unusual conditions of operation of the Company arises and if necessary, to engage professional institutions such as accounting firms and law firms to assist in the investigations at costs of the Company.

## **Section 2 Supervisory Committee**

**Article 187** The Company shall establish a supervisory committee. The supervisory committee shall comprise three supervisors, including a chairman. The election or removal of chairman of the supervisory committee shall be passed by more than two-third 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 a simple majority of the supervisors shall convene and preside over supervisory committee meetings.

**Article 188** 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 efficiency and scientific decision-making. The rules of procedures for the supervisory committee shall be annexed to the Articles of Association and formulated by the supervisory committee, and are subject to approval by the general meeting.

**Article 189** The supervisory committee shall perform the following duties and powers:

- (1) to provide written opinions on the regular reports of the Company;
- (2) to examine the Company's financial affairs;
- (3) to supervise the work of directors and senior management and to propose removal of directors and senior management who have violated the law, administrative regulations, the Company's Articles of Association or resolutions of general meetings;
- (4) to demand rectification by directors, president and other senior management when the acts of such persons are harmful to the Company's interest, and when necessary report to the general meeting or the relevant authorities of the State;
- (5) 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 general meeting as required by the Company Law, to convene and preside over the general meeting;
- (6) to put forward proposals to general meetings;
- (7) to take legal actions against directors and senior management in accordance with Article 152 of the Company Law; and
- (8) other duties and powers specified by the Company's Articles of Association.

During the course of performing duties by the supervisory committee, any necessary costs so incurred shall be borne by the Company.

**Article 190** The supervisory committee shall meet at least once in every six months. Supervisors may propose the convening of an extraordinary meeting of the supervisory committee.

Notice of the meeting shall be sent to all supervisors in writing 10 days before convening the meeting. Should the meeting cannot be convened as scheduled, reasons should be given and announced. The supervisory committee may, if deemed necessary, convene an extraordinary meeting in due course.

**Article 191** The notice of meeting of the supervisory committee shall include: date and venue of the meeting and duration of the meeting; reasons of and matters to be proposed to the meeting for consideration; and, date of the notice.

**Article 192** Resolutions of the supervisory committee shall be valid only if the meeting is attended by more than two-third of the supervisors or their proxies. Each supervisor shall have one vote. Resolutions of the supervisory committee shall be passed by more than two-third of all the supervisors. At meetings of the supervisory committee, voting may be conducted through a show of hands, by poll or by way of

communication.

**Article 193** As long as all the supervisors can fully express their opinions, an extraordinary meeting of the supervisory committee may be held by way of fax or email, and resolutions passed shall be signed by all participating supervisors.

Supervisors shall attend supervisory committee meetings in person. If a supervisor cannot attend a supervisory committee meeting due to whatever reasons, he/she may appoint another supervisor 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 supervisor attending the meeting on behalf of others shall exercise his/her rights within the scope of authorisation. If a supervisor cannot attend a supervisory committee meeting and fails to appoint a proxy to attend the meeting on his/her behalf, the supervisor shall be deemed to have waived his/her voting right at that meeting.

**Article 194** Minutes shall be taken for the supervisory committee meeting, and supervisors attending the meeting and the person who takes the minutes shall sign on the minutes. Supervisors attending the meeting shall have the right to request that an explanation of the statements made by them 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 Qualifications and Obligations of Directors, Supervisors and Senior management**

**Article 195** A person satisfying one or more of the conditions set out in Article 120 of the Articles of Association shall not serve as the director, supervisor or senior management of the Company.

**Article 196** The validity of an act of directors and senior management 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 197** In addition to the obligations required by the law, administrative

regulations or the listing rules of the stock exchange(s) on which the Company's shares are listed, directors, supervisors, and senior management 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; and
- (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 general meeting for approval in accordance with the Company's Articles of Association.

**Article 198** In excising rights or fulfilling obligations, directors, supervisors and senior management 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 199** In performing their duties, directors, supervisors, and senior management of the Company shall act in 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 the law, 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 the Company's 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, by any means, 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) 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 the Company's 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 consent of informed shareholders at a 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; and

(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 law;

(ii) when public interests so require; or

(iii) when so required for the own interests of the directors, supervisors, or senior management.

**Article 200** A director, supervisor, or senior management of the Company shall not cause the following persons or institutions ("associates") to do what he/she is prohibited from doing:

(1) the spouse or minor children of that director, supervisor, or senior management;

(2) a person acting in the capacity of a trustee of that director, supervisor or senior management or any person referred to in subsection (1) of this Article;

(3) a person acting in the capacity of partner of that director, supervisor, or senior management or any person referred to in subsections (1) and (2) of this Article;

(4) a company in which that director, supervisor, or senior management, either individually or jointly with one or more person(s) referred to in subsections (1), (2) and (3) of this Article or other directors, supervisors, and other senior management, has(have) a de facto controlling interest; or

(5) directors, supervisors, managers and other senior management of the controlled company referred to in subsection (4) of this Article.

**Article 201** The fiduciary duties of directors, supervisors, and senior management 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 still be valid 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 202** Except as provided in Article 56 hereof, directors, supervisors, and senior management of the Company may be relieved of liability for specific breaches of duties by the consent of informed shareholders at a general meeting.

**Article 203** Where a director, supervisor or senior management of the Company is in any way, directly or indirectly, is 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, or senior management with the Company), he/she shall declare the nature and extent of his/her interests to the Board at the earliest opportunity, whether or not the relevant issues shall be otherwise subject to approval of the Board.

Unless an interested director, supervisor, or senior management has disclosed his/her interests in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement was approved by the Board at a meeting at which such interested director, supervisor or senior management 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, or senior management.

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

**Article 204** Where a director, supervisor, or senior management 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 of any description 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, or senior management.

**Article 205** The Company shall not in any manner pay taxes for or on behalf of its directors, supervisors, and senior management.

**Article 206** The Company shall neither directly or indirectly make a loan to or provide any loan guarantee to directors, supervisors, or senior management 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, manager or other senior management of the Company to meet expenditures incurred or to be 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 a employment contract approved by shareholders at a general meeting; or
- (3) the Company may make a loan to or provide a loan guarantee to any of the relevant directors, supervisors, managers and senior management or their respective associates in the ordinary course of business on normal commercial terms, provided that the ordinary course of business of the Company should include the lending of money or the provision of guarantees.

**Article 207** 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 208** A loan guarantee provided by the Company in breach of subsection (1) of Article 206 shall not be enforceable against the Company, unless:

- (1) the guarantee was provided in connection with a loan to an associate of any of the directors, supervisors, or senior management 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 209** For the purpose of the foregoing articles of this chapter, a “guarantee” shall include an undertaking or property provided to secure the performance of obligations by the obligor.

**Article 210** In addition to any rights and remedies provided by the law and administrative regulations, where a director, supervisor, or senior management 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 or senior management 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 relevant director, supervisor, or senior management 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, or senior management who acts on behalf of the Company);
- (3) demand an account of the profits made by the director, supervisor, or senior management as a result of the breach of his obligations;
- (4) recover any monies received by the director, supervisor, or senior management which should otherwise have been received by the Company, including but not limited to commissions; and
- (5) require such director, supervisor, or senior management to return the interests accrued or potentially accrued on the monies which otherwise should have been paid to the Company.

**Article 211** 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 of the Company;
- (2) the remuneration for the office as a director, supervisor or senior management of a subsidiary of the Company;
- (3) the remuneration for providing management services for the Company and its subsidiaries; and
- (4) the payment by way of compensation to a director or supervisor for his loss of office or retirement.

Except under a contract mentioned above, no proceedings may be brought by a

director or supervisor against the Company for any benefits due to him in respect of the matters mentioned above.

**Article 212** 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 in the preceding paragraph includes any of the following circumstances:

- (1) a general offer made by any person to all shareholders; or
- (2) an offer made by any person with a view to make the offeror the controlling shareholder. A controlling shareholder shall have the same meaning as set forth in Article 48 of the 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 shall be borne by the relevant director or supervisor on a pro rata basis and shall not be deductible from the sum.

## **Chapter 10 Convertible Bonds**

**Article 213** Pursuant to approval by a general meeting and the securities regulatory body under the State Council, the Company may issue convertible bonds

**Article 214** The determination of issue size, term, coupon rate, interest payment and date of interest payment, conversion process, conversion price, redemption, put and conditional put of convertible bonds shall strictly adhere to the terms stipulated in the offer document of the convertible bonds.

**Article 215** Holders of the Company's convertible bonds shall have the following rights:

- (1) to be entitled to agreed interest in accordance with the number of convertible bonds held;
- (2) to convert the convertible bonds in their possession into Company's shares in

- accordance with agreed terms;
- (3) to exercise the put option in accordance with agreed terms;
  - (4) to transfer, grant or pledge the convertible bonds in their possession in accordance with the law, administrative regulations and the provisions of the Company's Articles of Association;
  - (5) to access relevant information in accordance with the law and the provisions of the Company's Articles of Association;
  - (6) to request the Company to pay the principal and interests of the convertible bonds upon the maturity of the bonds; and
  - (7) to be entitled other rights of the Company's creditors conferred by the law, administrative regulations and the Company's Articles of Association.

**Article 216** Holders of the Company's convertible bonds shall undertake the following obligations

- (1) to comply with the relevant provisions of the terms of the convertible bonds issued by the Company;
- (2) to pay the subscription amount in accordance with the number of convertible bonds subscribed;
- (3) save for the provisions of the law and regulations, and provisions set out in the offer document of the convertible bonds, not to request the Company to pay the principal and interest of the convertible bonds prior to their maturity; and
- (4) to undertake other obligations of convertible bond holders as required by the law, administrative regulations and the Company's Articles of Association.

## **Chapter 11 Financial and Accounting Systems and Audit**

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

**Article 217** The Company shall establish its financial and accounting systems in accordance with the law, administrative regulations and requirements of the relevant departments of the State.

**Article 218** The Company shall prepare a financial report at the end of each accounting year, and the financial report shall be audited pursuant to the applicable law.

**Article 219** The Company shall deliver its annual financial report to the securities

regulatory body under the State Council and the stock exchange and shall make an announcement on the same within 120 days from the conclusion of each accounting year. It shall deliver its interim financial report to the agency of the securities regulatory body under the State Council and the stock exchange and shall make an announcement on the same within 60 days from the conclusion of the first 6 months of each accounting year. The Company shall deliver its quarterly financial reports to the securities regulatory body under the State Council and the stock exchange and shall make an announcement on the same within 30 days from the end of the first 3 months and first 9 months of each accounting year respectively.

The aforesaid financial accounting report shall be drafted in accordance with the requirements of the relevant law and regulations.

**Article 220** The financial report of the Company shall be prepared in accordance with the PRC accounting standards and rules, and also in accordance with international accounting standards or that of the place where the Company's shares are listed. 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.

The Company shall send the aforesaid financial reports by pre-paid post at least 21 days prior to the convening of the annual general meeting to each H shareholder at the address appearing on the register of shareholders.

**Article 221** At each annual general meeting, the Board of the Company shall submit to the shareholders the Company's annual financial report. The annual 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.

**Article 222** 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 223** 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.

Any paid-up shares are entitled to the profit distribution, but shareholders with pre-paid shares shall not participate in any profit distribution declared thereafter.

**Article 224** 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.

**Article 225** After the profit distribution plan has been resolved at the general

meeting, the Board of the Company shall complete the distribution of dividends (or shares) within two months after the meeting.

**Article 226** The Company may distribute dividend in the form of cash or bonus shares. The exchange rate used to calculate dividends for foreign shares shall be determined by the benchmark exchange rate of Renminbi against Hong Kong dollar 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 general meeting of the Company.

**Article 227** The Company shall appoint a receiving agent for holders of H shares. The receiving agent shall receive the dividends distributed and other amounts payable by the Company to the shareholders in respect of H shares on such shareholders' behalf.

The receiving agent for H shareholders appointed by the Company shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong

**Article 228** The Company shall strictly adhere to the following requirements in the course of implementation of profit distribution:

(1) The Company's profit distribution policy shall emphasise reasonable return on investment for investors. The Company may distribute dividend in the form of cash, bonus shares or both or other means permitted by the law and regulations. However, the amount of profit to be distributed shall not exceed the amount of accumulated distributable profit or prejudice the Company's ability to continue to operate.

(2) The Company maintains a consistent and stable profit distribution policy. The accumulated cash distribution of profit for any three consecutive years shall not be less than 30% of the average annual distributable profit of the past three years.

(3) Should the Company realize profits in each accounting year, the Board shall submit to the general meeting a cash dividend distribution proposal. In the event that the Company realizes profits but no cash dividend distribution proposal is submitted, the Board shall explain in detail why no cash dividend distribution proposal is submitted and the use of retained profit not distributed as cash dividend in the regular report. Independent directors shall express their opinions on this matter.

(4) The Company may put forth a bonus share distribution proposal, provided that the

Company has a sound business operation, and can maintain a reasonable size of the Company's share capital and shareholding structure.

(5) Having taken into account the Company's profitability and capital needs, the Board of the Company may recommend the Company to carry out interim dividend distribution.

(6) In the event that the Company's funds are being embezzled by a shareholder, the Company shall have the right to withhold and deduct the cash dividends to be distributed to that shareholder for repayment of the funds embezzled by him/her.

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.

**Article 229** The decision-making mechanism under the Company's profit distribution policy is as follows:



(1) The annual profit distribution proposal of the Company shall be put forth by the Board in accordance with the Company's profitability, operation and development plans, return to shareholder, capital needs, the costs of social capital and external financing environment, as well as provisions of the Company's Articles of Association. The profit distribution proposal shall be submitted to the general meeting for consideration after being considered and passed by the Board;

(2) the profit distribution proposal shall be passed by votes representing a simple majority of the directors when considered by the Board. Independent directors shall give their independent opinions on such proposal. The Company shall make detailed record of the management's recommendations, key points presented by participating directors, independent directors' opinions, and the details on voting of the Board during the Board's meeting to consider the profit distribution proposal. The record shall be properly kept as corporate archive;

(3) the dividend distribution proposal put forth by the Board shall be submitted to the general meeting for consideration. During the general meeting at which the profit distribution proposal is considered, there shall be various channels to proactively communicate and exchange opinions with shareholders, especially minority shareholders, whose opinions and demands shall be given full consideration. Profit distribution plan shall be passed by votes representing more than half of the voting rights held by shareholders (including proxies) present at such general meeting. The Company shall safeguard the rights of public shareholders to attend the general meeting. The Board, independent directors, and shareholders satisfying relevant requirements may solicit voting rights from the Company's shareholders at the general meeting;

(4) the Company shall provide a platform for online voting in addition to a venue for general meeting in the event that the Company realize profits during an accounting year but not put forth a cash dividend distribution proposal;

(5) in the event that any adjustments are required to be made to the Company's dividend distribution policy as a result of material changes in external business environment or its own operating conditions, the Company shall hold thorough discussion and give detailed explanation in the interest of shareholders. Adjustments to the dividend distribution policy shall be submitted to the general meeting for consideration after being considered and passed by the Board, and shall be passed by votes representing more than two-third of voting rights held by shareholders (or

proxies) present at such general meeting;

(6) After the profit distribution proposal has been resolved at the Company's general meeting, the Board of the Company shall complete the distribution of dividends (or bonus shares) within two months after the meeting;

(7) The supervisory committee supervises the Board's implementation and decision-making process of the dividend distribution policy.

## **Section 2 Internal Audit**

**Article 230** 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 231** The Company's internal audit system and duties of the 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.

## **Section 3 Engagement of Accounting Firms**

**Article 232** The Company shall engage an accounting firm which is qualified for securities related business to audit the financial statements, and provide net assets verification and other related consulting services for a term of one year. The appointment of accounting firm may be renewed upon the expiry of its term.

**Article 233** The Company's engagement or termination of an accounting firm shall be subject to the resolution of the general meeting, and the Board shall not engage an accounting firm until the general meeting makes its decision. The Company's engagement, termination or non-renewal of the engagement of an accounting firm shall be filed with the securities regulatory body under the State Council for record.

**Article 234** Where the Company intends to appoint a new accounting firm, the proposal for the engagement shall be given to the accounting firm proposed to be engaged before the issue of the notice of the general meeting.

**Article 235** The term of appointment of an accounting firm shall commence from the conclusion of the annual general meeting at which such appointment was

considered until the conclusion of the next annual general meeting.

**Article 236** The Company shall ensure the provision of true and complete accounting evidence, books of account, financial and accounting reports and other accounting data to the accounting firm engaged by it, and no refusal, withholding and false information are allowed.

**Article 237** The accounting firm engaged by the Company shall have the following rights:

(1) to inspect the Company's financial statements, records and vouchers, and to request the Company's directors, president or other senior management to provide relevant information and explanations;

(2) to request the Company to provide information and explanations of its subsidiaries deemed necessary by the accounting firm in performing its functions; and

(3) to participate in general meetings, obtain notice of general meetings or other information about general meetings, and speak at general meetings on matters relating to its capacity as the accounting firm of the Company.

**Article 238** The remuneration of the accounting firm shall be ascertained by the general meeting.

**Article 239** Should the Company terminate or cease to renew the engagement of an accounting firm, a notice of 30 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 general meeting at the time of voting upon ceasing the engagement of such accounting firm.

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 too late:

(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; and

(ii) a copy of such statement shall be annexed to the notice and given to shareholders in a manner as stipulated in the Articles of Association.

If the Company fails to deliver the statement of the accounting firm in question as specified in the preceding paragraph of this Article, the said accounting firm may request to have such statement read out at the general meeting, and may make further complaints.

**Article 240** Where the accounting firm tenders resignation, it shall explain to the general meeting whether there are any improper practices of the Company.

An accounting firm may resign its office by depositing at the Company's legal address a resignation notice. Such notification 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 notification. 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.

Within 14 days upon receipt of the written notification referred to in the preceding paragraph, the Company shall deliver a photocopy of such notification to the relevant competent authority. If the notification contains such statements as mentioned in Item (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 prepaid post to each H shareholder at the address recorded in the register of members.

The outgoing accounting firm shall be entitled to attend the general meeting to be held due to its resignation, and to receive all notices of the aforesaid meetings and other information relating to such meetings, and to speak at the aforesaid meetings about matters relating to its capacity as a former accounting firm of the Company.

If the resignation notice from the accounting firm contains statements of any matters that should be explained, the accounting firm may request the Board to call an extraordinary general meeting to listen to its explanation regarding the resignation.

## **Chapter 12 Notices and Announcements**

### **Section 1 Notices**

**Article 241** Notices of the Company may be issued by the following methods:  
(1) by hand;

- (2) by post, fax, email;
- (3) by announcement; or
- (4) in a manner permissible under the Company's Articles of Association.

**Article 242** 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.

The “announcement” referred to in the 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 the 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 the law or regulations of China or by the securities regulatory body under the State Council; for the purpose of announcement issued to H shareholders or announcements issued in Hong Kong in accordance with the relevant provisions and the Articles of Association, such announcements shall be published on the Company's website and on the website of the Hong Kong Stock Exchange in compliance with the requirements of the Hong Kong Listing Rules, and on other websites as required from time to time by the Hong Kong Listing rules.

**Article 243** Any notice for convening a general meeting of the Company shall be given by way of an announcement.

**Article 244** Any notice for convening a meeting of the Board of the Company shall be given by a notice in writing or via email.

**Article 245** Any notice for convening a meeting of the supervisory committee of the Company shall be given by a notice in writing or via email.

**Article 246** Unless otherwise stipulated in the Articles of Association, corporate communication (as defined in Hong Kong Listing Rules), such as notices, information or written statements, sent to H shareholders by the Company may be delivered by hand or by prepaid post to the registered address of each H shareholder. 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, H shareholders 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/her choice of the mean to receive the aforesaid communication and language version(s) according to the appropriate procedures.

**Article 247** 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 third business day from the mail delivered to the post office; for notices delivered by way of announcements, the date of service shall be the date on which the first announcement is published; for notices delivered by email, the date of service shall be the date on which the email is dispatched. However, the Company shall notify the recipient over phone on the day the email is dispatched, and keep the record of delivery and acknowledgement of receipt of the email until the signing of the resolution.

**Article 248** 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 249** The Company has designated China Securities Journal, <http://www.cninfo.com.cn> and a Hong Kong or overseas English media as the platform for publishing the Company's announcements and other information which needed to be disclosed.

## **Chapter 13 Merger, Spin-off, Increase and Reduction of Registered Capital, Dissolution and Liquidation**

### **Section 1 Merger, Spin-off, Increase and Reduction of Registered Capital**

**Article 250** The Company may undergo merger or spin-off in compliance with the

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

**Article 251** The procedures of a merger or spin-off of the Company are as follows:

- (1) the Board drafts a proposal for the merger or spin-off;
- (2) the general meeting resolves in accordance with the provisions of the Articles of Association;
- (3) parties to the merger or spin-off shall sign a merger or spin-off agreement;
- (4) the relevant approval procedures shall be completed in accordance with the law;
- (5) handle all matters in relation to merger or spin-off including creditors' rights and indebtedness; and
- (6) complete dissolution registration or change of registration.

**Article 252** After the merger or spin-off of the Company has been passed by the Company's general meeting, shareholders voting against the proposal for the merger or spin-off of the Company at such general meeting shall be entitled to demand the Company or shareholders consenting to the proposal for the merger or spin-off of the Company to purchase their shares at a fair price. The resolution on the merger or spin-off of the Company shall be kept as a special document, which shall be available for shareholders' inspection.

For H shareholders, the aforesaid document shall also be despatched by mail.

**Article 253** 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 body under 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 254** 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 255** As far as spin-offs are concerned, property of the Company shall be split up accordingly.

Upon spin-off, the balance sheet and a list of property shall be prepared. 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 body under the State Council within 30 days from the date of passage of the resolution on the spin-off.

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

**Article 256** 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, and shall make an announcement for at least three times in one or more newspapers designated by the securities regulatory body under the State Council within 30 days from the date of passage of the resolution on such reduction. 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 257** In the case that merger or spin-off of the Company results in any changes in registered particulars, modifications of registration shall be completed with the company registration authority 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.

Increase or reduction of the registered capital of the Company must be registered with the company registration authority according to law.

## **Section 2 Dissolution and Liquidation**



**Article 258** The Company shall be dissolved and liquidated according to law upon the occurrence of any of the following events:

- (1) a resolution on dissolution has been passed at a general meeting;
- (2) the Company has to be dissolved as a result of its merger or spin-off;
- (3) the business license has been cancelled or the Company has been ordered to close down its operations, or it has been wound up;
- (4) any other cause for dissolution specified in the Articles of Association arises; or
- (5) 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 259** If the Company is dissolved pursuant to subsections (1), (3), (4) and (5) of Article 258 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 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. The people's court shall accept the application, and a liquidation team shall be formed promptly to start the liquidation.

**Article 260** 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;
- and
- (7) to attend any civil proceedings on behalf of the Company.

**Article 261** 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 body under 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 262** 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 general meeting or the relevant authority for confirmation.

**Article 263** The Company's property shall be settled in the following order:

- (1) payment of liquidation expenses;
- (2) payment of staff wages, social insurance expenses and statutory compensation;
- (3) payment of taxes in arrears;
- (4) discharge of the Company's liabilities; and
- (5) distribution 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 subsections (1) to (4) of the preceding paragraph.

**Article 264** 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 265** After the completion of the liquidation of the Company, the liquidation

team shall prepare a liquidation report and submit the same to a general meeting or the people's court for confirmation, and shall file the aforesaid documents with the company registration authority for the purpose of applying for the deregistration of the Company. An announcement of the termination of the Company shall be made.

**Article 266** Members of the liquidation team shall perform their duty honestly and discharge the obligation of liquidation in accordance with the law.

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

#### **Chapter 14 Amendments to the Articles of Association**

**Article 268** The Company shall amend the Articles of Association under any of the following circumstances:

- (1) following amendments to the Company Law or the relevant law or administrative regulations, any provisions of the Articles of Association contravene the amended law or administrative regulations;
- (2) changes in the Company are inconsistent with the provisions of the Articles of Association; or
- (3) amendments to the Articles of Association are resolved at a general meeting.

**Article 269** Any amendment to the Articles of Association involving anything set out in 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 body under 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 270** Any amendment to the Articles of Association passed by a resolution at a 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 271** Amendments to the Articles of Association shall be made by the Board in accordance with a resolution tabled at a general meeting on amendments to the Articles of Association and opinions of the relevant competent authorities on review and approval.

**Article 272** Any amendment to the Articles of Association shall be subject to announcement if so required by law and regulations.

### **Chapter 15 Dispute Resolution**

**Article 273** The Company shall comply with the rules on dispute resolution set forth as follows:

(1) whenever any disputes or claims arise from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant law 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 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, 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 law of the People's Republic of China shall govern the arbitration of disputes or claims described in subsection (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 16 Supplemental Provisions**

### **Article 274 Definitions**

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.

Connected relationship shall mean the relationship between a controlling shareholder, de facto controller, director, supervisor or senior management of the Company and their directly or indirectly controlled enterprises and other relationships which may result in the transfer of the Company's interests.

**Article 275** The Board may formulate by-laws pursuant to the provisions of the Articles of Association. Such by-laws shall not be in conflict with the provisions of the Articles of Association.

**Article 276** These Articles of Association are written in Chinese, and the Chinese version of the Articles, which has the approved registration made by the company registration authority recently, should prevail, if there is difference between the Chinese version and versions of other languages.

**Article 277** All references to "over", "within", "below", "at least" in the Articles of Association shall be inclusive of the stated figure; all references to "not more than", "other than" shall be exclusive of the stated figure.

**Article 278** It shall be the responsibility of the Board of the Company to interpret the Articles of Association.

**Article 279** The appendix of the Articles of Association includes rules of procedures for the general meeting, rules of procedures for the Board and rules of procedures for the supervisory committee.

**Article 280** These Articles of Association shall come into effect from the date from the date when shares of the Company are listed and dealt with on the Hong Kong Stock Exchange.