

This is a consolidated version not formally adopted by shareholders at a general meeting.  
English translation for reference only. Chinese version shall prevail in case of inconsistency.



**ANHUI EXPRESSWAY COMPANY LIMITED  
AMENDED AND RESTATED ARTICLES OF ASSOCIATION**

(As amended by special resolution passed on 18 May 2018)

# ANHUI EXPRESSWAY COMPANY LIMITED

安徽皖通高速公路股份有限公司

## I N D E X

<b>Chapter</b>	<b>Heading</b>
Chapter 1	General provisions
Chapter 2	Objects and scope of operations
Chapter 3	Shares and registered capital
Chapter 4	Reduction of capital and repurchase of shares
Chapter 5	Financial assistance for acquisition of shares
Chapter 6	Share certificates and register of shareholders
Chapter 7	Rights and obligations of shareholders
Chapter 8	Obligations of controlling shareholders towards other shareholders
Chapter 9	General meetings
Chapter 10	Special voting procedures for class shareholders
Chapter 11	Party organization structure of the Company
Chapter 12	Board of directors
Chapter 13	Secretary to the board of directors of the Company
Chapter 14	General Manager of the Company
Chapter 15	Supervisory committee
Chapter 16	Qualifications and obligations of directors, supervisors, General managers and other officers of the Company
Chapter 17	Financial and accounting system
Chapter 18	Distribution of profits
Chapter 19	Appointment of firm of accountants
Chapter 20	Labour management and staff and trade union
Chapter 21	Merger and demerger of the Company
Chapter 22	Dissolution and liquidation
Chapter 23	Amendments to articles
Chapter 24	Notices
Chapter 25	Resolution of disputes
Chapter 26	Interpretation

# ANHUI EXPRESSWAY COMPANY LIMITED

## ARTICLES OF ASSOCIATION

### CHAPTER 1 GENERAL PROVISIONS

Article 1 The Company is a foreign investment joint stock limited company established in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law") and the "State Council Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies" (hereinafter referred to as the "Special Regulations") and other relevant laws and administrative regulations of the People's Republic of China ("PRC").

The establishment of the Company has been approved by the State Commission for Restructuring the Economic Systems ("State Restructuring Commission") under document number Ti Gai Sheng [1996] No. 112. The Company was established by the promotion method and was registered on 15 August 1996 with the Anhui Provincial Administration for Industry and Commerce and has obtained a business licence. The Company's business licence number is 14897308-7. On 8 September 2016, the Company changed its registration with State Administration for Industry and Commerce of Anhui Province and obtained the "Three-in-One (三證合一)" business licence with United Social Credit No. 91340000148973087E.

According to the "Certificate of Approval for Establishment of Enterprises with Foreign Investment in the People's Republic of China" (No. 3400148973087) issued to the Company by the People's Government of Anhui Province on 13th July 2010, the type of business of the Company shall be foreign investment shareholding company.

The promoter of the Company is Anhui Transportation Holding Group Company Limited (formerly known as Anhui Expressway Holding Group Corporation Limited, which was formerly known as Anhui Expressway Holding Corporation).

(Mandatory Provision 1)

Article 2 The registered Chinese name of the Company: 安徽皖通高速公路股份有限公司  
The registered English name of the Company: Anhui Expressway Company Limited.

(Mandatory Provision 2)

Article 3 The legal address of the Company: 520 Wangjiang West Road, Hefei City, Anhui Province, the People's Republic of China

Postal code: 230088

Telephone number: 0551-5338697

Facsimile number: 0551-5338696

(Mandatory Provision 3)

Article 4 The legal representative of the Company is the chairman of the Company.

(Mandatory Provision 4)

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

(Mandatory Provision 5)

Article 6 Save and except the Company Law or relevant law or regulation provided otherwise, articles included in these Articles pursuant to the Mandatory Provisions for the Articles of Association of Companies Listed Overseas shall not be amended or deleted.

These Articles were adopted by a special resolution of the shareholders in general meeting, became effective upon their approval by Administration for industry and Commerce, in entire substitution for the Company's articles of association previously registered with the Administration for Industry and Commerce.

Rules of procedures of General Meeting, Rules of procedures of the Board of Directors and Rules of procedures of Supervisory Committee as approved by the general meeting of the Company will be become annexure of this Articles and have same legal effect as this Articles.

(Mandatory Provision 6)

Article 7 In accordance with provisions of the Constitution of the Communist Party of China, the Company shall establish an organization under the Party to carry out the Party's activities. The Company shall provide necessary conditions to facilitate such activities.

Article 8 From the effective date of these Articles of Association, these Articles shall constitute a legal document regulating the constitution and activities of the Company, the rights and obligations between the Company and its shareholders and the shareholders interse.

(Mandatory Provision 6)

Article 9 These Articles are binding upon the Company and its shareholders, directors, supervisors, general managers and other officers. The foregoing persons may, in accordance with the provisions of these Articles, institute claims in relation to all matters relating to the Company.

Shareholders may bring proceedings against the Company in accordance with these Articles; the Company may bring proceedings against the shareholders, directors, supervisors, general managers and other officers in accordance with these Articles; a shareholder may bring proceedings against other shareholders in accordance with these Articles; and the shareholders may bring actions against directors, supervisors, general managers and other officers of the Company in accordance with these Articles.

For the purposes of the preceding paragraph, proceedings include proceedings commenced in court and arbitration proceedings commenced in arbitration tribunals.

(Mandatory Provision 7)

Other officers as referred above include the deputy general manager, the Secretary of the board of directors, the financial controller and the general counsel of the Company.

- Article 10 The entire capital of the Company is divided into shares of equal nominal value. The liability of the shareholders to the Company is limited to the amount payable on subscription of the shares held by them. The Company shall be liable for its debts to the extent of all its assets.
- Article 11 Subject to compliance with applicable laws and regulations, the Company has power to raise capital and to borrow money by way of, among other means, the issue of bonds and the creation of charges over its assets, and to provide guarantees for the account of any third party, provided that the exercise of such powers shall not prejudice or abrogate the rights of different classes of shareholders.
- Article 12 The Company is an independent enterprise legal person. All activities of the Company shall comply with the laws and regulations of the PRC and shall protect the lawful rights of the shareholders. The Company is under the jurisdiction and the protection of the laws, regulations and other relevant governmental measures of the PRC.
- Article 13 The Company may invest in other limited liability companies and joint stock limited companies and shall be liable to the investee companies to the extent of its investment in such companies.

Subject to the approval of the companies supervisory department authorised by the State Council, the Company may in accordance with its business and operational requirements operate as a holding company as provided under paragraph 2 of Article 12 of the Company Law.

(Mandatory Provision 8)

Article 14 The Company shall not become a shareholder with unlimited liability of any other economic organisations.

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

Article 15 The objects of the Company are: to utilise all factors beneficial to the Company and to make use of local and foreign market capital to develop the construction, repair and maintenance and management of roads within and outside Anhui Province and to engage in business activities related thereto, to administer the Company with advanced scientific management, to adapt to market demands and to improve productivity and efficiency so that all the shareholders of the Company shall receive optimal economic benefits.

(Mandatory Provision 9)

Article 16 The scope of the Company's operations shall be that approved by the companies registration authorities.

The scope of the Company's operations includes:

The design, construction, supervision, toll collection, maintenance, first-aid service, management of road assets and road right of high grade highways, meal, repair, storage, road transport, consultation services of road construction and operation, house lease, sale of motor vehicles and machinery parts, and development, exploitation, production and sale of new and hi-tech productions.

(Mandatory Provision 10)

Article 17 The Company may change its scope of operations by amending these Articles in accordance with laws and subject to such change(s) being approved by the relevant regulatory departments and authorities and the registration of such change(s) by the companies registration authority.

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

Article 18 The Company shall at all times have ordinary shares. The Company may, in accordance with its requirements and upon the approval of the companies supervisory department authorised by the State Council, create other classes of shares.

(Mandatory Provision 11)

Where the share capital of the Company includes shares which do not carry voting rights, the words “non-voting shares” must appear in the designation of such shares. Where the share capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words “restricted voting” or “limited voting”.

Article 19 Shares issued by the Company shall be public, fair and justice. Shares of equal value enjoy equal rights and equal return.

The terms and price for the issue for the same kinds of Shares issued simultaneously shall be the same. For shares subscribe by any person or individual who shall pay the same price per share.

Article 20 Shares issued by the Company shall have a nominal value. Each share shall have a nominal value of RMB1.

(Mandatory Provision 12)

Article 21 The Company may issue shares to domestic investors and foreign investors upon the approval of the securities regulatory department of the State Council.

For the purposes of the preceding paragraph, “foreign investors” means investors from a territory outside the PRC or the territories of Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company; “domestic investors” means investors from within the People’s Republic of China other than from the aforesaid territories who subscribe for shares issued by the Company.

(Mandatory Provision 13)

Article 22 Shares issued by the Company to domestic investors which are subscribed for in Renminbi are called domestic shares. Shares issued by the Company to foreign investors which are subscribed for in foreign currencies are called foreign shares. Domestic shares which are listed inside the Mainland China are called domestic listed shares. Foreign shares which are listed overseas are called overseas listed foreign shares.

(Mandatory Provision 14)

Article 23 The domestic shares of the Company are centralised to be held by China Securities Central Clearing and Registration Corporation Shanghai Branch.

Article 24 The total number of ordinary shares which may be issued by the Company at the time of its establishment as approved by the State Restructuring Commission was 915,600,000 shares. Such 915,600,000 shares were issued to the promoter and represents 100 per cent of the total number of ordinary shares which could be issued by the Company. Such shares are held by Anhui Expressway Holding Corporation. According to the approval (Cai Guan Zi [1999] No. 156) issued by Ministry of Finance, AEHC signed the “Transfer of State-Owned Shares Contract” with Hua Jian Transportation Economic Development Center (“Huanjain Center”) on 21 January 2001, AEHC holds 538,740,000 shares of the Company, representing 58.84% of the total number of ordinary shares which could be issued by the Company; Huajian Center holds 376,860,000 shares of the Company, representing 41.16% of the total number of ordinary shares which could be issued by the Company.

As approved by the State Administration for Industry & Commerce of the People’s Republic of China, China Merchants Hua Jian Highway Investment Co., Ltd. was renamed as “China Merchants Expressway Network & Technology Holdings Co., Ltd.” with effect from 29th August 2016.

With the approval of Anhui Provincial Administration for Industry and Commerce, with effect from 7 May 2015, Anhui Expressway Holding Group Corporation Limited changed its name to Anhui Transportation Holding Group Company Limited.

(Mandatory Provision 15)



Article 25 As approved by Zheng Wen Fa (1996) No.31 issued by the State Council Securities Commission on 9th October 1996, the Company issued 493,010,000 overseas listed foreign shares (H Shares), to the foreign investors, which was listed on The Stock Exchange of Hong Kong Limited on 13th November 1996.

As approved by Zheng Jian Zi (2002) No.124 issued by the China Securities Regulatory Committee on 6th November 2002, the Company issued 250,000,000 domestic listed shares (A Shares) which was listed on The Stock Exchange of Shanghai on 7th January 2003.

Pursuant to the “Provisions on Management of Share Reform Proposals of Listed Companies” issued by China Securities Regulatory Commission and “Reply in respect to matters concerning Share Segregation Reform of Anhui Expressway Company Limited (Wan Guo Zi Chan Quan Han [2006] No. 50) from the State-owned Assets Supervision and Administration Commission of the People’s Government of Anhui Province on 20 February 2006, the Stock Exchange of Shanghai has issued the consent (Shan Jin Shan Ji [2006] No.188) for the Company’s implementation of Share Splitting Reform Proposal.

The shareholding structure of the Company shall be: 1,658,610,000 ordinary shares, 524,644,220 of which are held by Anhui Transportation Holding Group Company Limited, the promoter, 404,191,501 of which are held by China Merchants Expressway Network & Technology Holdings Co., Ltd., 493,010,000 of which are held by shareholders of overseas listed foreign shares, and 236,764,279 of which are held by shareholders of listed domestic shares. All the shares are ordinary shares having the same rights and entitlements.

(Mandatory Provision 16)

Article 26 Subject to the approval of such plan by the securities regulatory authority of the State Council, the board of directors of the Company may make arrangements for the implementation of its plan for the separate issues of overseas listed foreign shares and domestic shares.

The Company’s plan for the separate issues of overseas listed foreign shares and domestic shares may be implemented separately in accordance with the above provision within 15 months of the date of approval by the State Council Securities Commission.

(Mandatory Provision 17)

Article 27 Of the total number of shares specified in an issue plan of the Company involving overseas listed foreign shares and domestic shares, each type of shares shall be fully subscribed at one time. Where there are special circumstances which render it impossible for any type of shares to be fully subscribed at any one time, multiple issues may be made subject to the approval of the State Council Securities Commission.

(Mandatory Provision 18)

Article 28 The registered capital of the Company RMB1,658,610,000.

(Mandatory Provision 19)

Article 29 The Company may, in accordance with the procedures prescribed by these Articles, approve the increase of its share capital based on its business and development requirements.

The following methods may be used by the Company to increase its capital:

- (1) offering new shares to investors who are not selected on any particular basis;
- (2) placing new shares to existing shareholders;
- (3) a bonus issue of shares to existing shareholders;
- (4) conversion of capital common reserve to capital;
- (5) any other method permitted under China Securities Regulatory Committee, PRC laws and administrative regulations.

In increasing the capital of the Company through an issue of new shares, the Company shall, after obtaining approvals in accordance with the requirements of these Articles, implement the same in accordance with the procedures prescribed by relevant PRC laws and administrative regulations.

(Mandatory Provision 20)

Article 30 Following an increase in capital, the Company shall register such increase with the companies registration authority and make a public announcement.

Article 31 Unless otherwise prescribed by law or administrative regulations, shares of the Company are freely transferable and are free from all liens.

(Mandatory Provision 21; SEHK Listing Rules Appendix 3-1(2))

## CHAPTER 4 REDUCTION OF CAPITAL AND REPURCHASE OF SHARES

Article 32 The Company may reduce its registered capital in accordance with the provisions of these Articles.

(Mandatory Provision 22)

Article 33 When the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days from the date of a resolution for the reduction of its registered capital, and shall make a public announcement in newspapers at least 3 times within 30 days thereof. The creditors shall have the right, within 30 days of receipt of the notice or, if such notice has not been received, within 90 days of the date of the first public announcement, to require the Company to repay its debts or provide security corresponding to the amount of its debts.

The registered capital of the Company after a capital reduction shall not be lower than the lowest limit prescribed by law.

(Mandatory Provision 23)

Article 34 Subject to approval being obtained in accordance with the procedures prescribed by these Articles and the approval(s) of the relevant PRC regulatory authorities, the Company may repurchase its issued shares in the following circumstances:

- (1) to cancel its shares for the purposes of reducing its share capital;
- (2) to merge with another company which holds shares of the Company;
- (3) to grant shares as encouragement to the Company's employee;
- (4) for shareholders, who do not agree to the merge or separation of the Company as approved by general meeting, who has requested the Company to repurchase their shares; or
- (5) under other circumstances permitted by law and administrative regulations.

(Mandatory Provision 24)

Apart from the above circumstances, the Company cannot repurchase its shares.

The Company shall obtain the approval of general meeting for repurchases of its shares for sub-clauses (1) to (3) of this Article. After the Company has repurchased its shares in accordance with this Article, the Company shall cancel its repurchased shares within 10 days from the date of repurchase for case under sub-clause (1) of this Article. The Company shall cancel or transfer its repurchased shares within 6 months from the date of repurchase for cases under sub-clause (2) and (4) of this Article.

The number of shares to be repurchased by the Company in accordance with sub-clause (3) of this Article shall not be more than 5% of the Company's issued capital. The fund used for repurchase shall be derived from the Company's after-tax profit. All the repurchased shares shall be transferred to the employee within 1 year.

Article 35 Subject to the approval of the relevant PRC regulatory authorities, the Company may repurchase its own shares by one of the following methods:

- (1) under a general offer of repurchase to all shareholders in equal proportion;
- (2) through open trading on a stock exchange; or
- (3) by entering into an off-market repurchase agreement.

(Mandatory Provision 25)

Article 36 The Company may, with the prior approval of a general meeting in accordance with these Articles, repurchase its own shares pursuant to an off-market agreement. Subject to the prior approval of a general meeting being given in the same manner, the Company may release or vary any contract so entered into by the Company or waive any of its rights thereunder.

The aforesaid agreement to repurchase shares includes (but is not limited to) an agreement to assume an obligation to repurchase or to acquire rights to repurchase shares of the Company.

The Company shall not assign an agreement for the repurchase of its shares or any of its rights under such agreement.

(Mandatory Provision 26)

Article 37 Shares lawfully repurchased by the Company shall be cancelled within the time limit prescribed by laws or administrative regulations and an application shall be made to the original companies registration authority to change the registration particulars of its registered capital.

The amount of the Company's registered capital shall be reduced by the aggregate nominal value of the shares cancelled.

After the completion of a reduction in capital and the registration of such change by the companies registration authority, the Company shall make a public announcement.

(Mandatory Provision 27)

Article 38 Unless the Company is in the course of liquidation, the Company shall comply with the following provisions when repurchasing its issued shares:

- (1) where the Company repurchases its shares at their nominal value, payment shall be made out of the credit balance of the distributable profits of the Company and/or the proceeds of a new issue of shares made for that purpose;
- (2) where the Company redeems or repurchases its shares at a premium, payment up to the nominal value of those shares may be made out of the credit balance of the distributable profits of the Company and/or the proceeds of a new issue of shares made for that purpose. Payment of the portion in excess of the nominal value shall be made as follows:
  - (i) if the shares being repurchased were issued at their nominal value, payment shall be made out of the credit balance of distributable profits of the Company;
  - (ii) if the shares being repurchased were issued at a premium, payment shall be made out of the credit balance of the distributable profits of the Company and/or the proceeds of a new issue of shares made for that purpose, provided that the amount to be paid out of the proceeds of the new issue of shares shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased nor shall it exceed the credit balance of the share premium account or (as the case may be) the capital reserve fund of the Company, including the premiums of the new shares issued;

- (3) payment by the Company for the following purposes shall be made out of the Company's distributable profits:
- (i) the acquisition of rights to repurchase its own shares;
  - (ii) the variation of any agreement to repurchase its own shares; or
  - (iii) the release of any of the Company's obligations under any agreement to repurchase its shares.
- (4) Following the reduction of the aggregate nominal value of the cancelled shares from the amount of the registered capital of the Company in accordance with relevant regulations, to the extent that shares are repurchased out of an amount deducted from the distributable profits of the Company, such amount shall be charged to the share premium account or, as the case may be, the capital reserve fund of the Company.

(Mandatory Provision 28)

## **CHAPTER 5 FINANCIAL ASSISTANCE FOR ACQUISITION OF SHARES**

Article 39 The Company and its subsidiaries shall not at any time and in any way provide any financial assistance to a person who acquires or proposes to acquire any shares of the Company. The aforementioned purchaser of the Company's shares includes a person who directly or indirectly assumes any obligations as a result of an acquisition of the Company's shares.

The Company and its subsidiaries shall not at any time and in any way provide financial assistance to the obligor referred to above for the purposes of reducing or discharging his obligations.

The provisions of this Article shall not apply to the circumstances described in Article 41 of this Chapter.

(Mandatory Provision 29)

Article 40 "Financial assistance" referred to in this Chapter includes (but is not limited to) financial assistance provided by way of:

- (i) gift;

- (ii) guarantee (including the provision by the guarantor of an undertaking or property to secure the performance of obligations by the obligor), indemnity (other than an indemnity in respect of the Company's own negligence or default), and release or waiver of rights;
- (iii) the provision of a loan or entering into a contract under which the obligations of the Company are to be fulfilled before the obligations of the other party to that contract; or the change of any party to such loan or contract, or the assignment of rights under such loan or contract; and
- (iv) any other method when the Company is unable to pay its debts or has no net assets or when its net assets may be reduced by a material extent.

For the purpose of this Chapter, references to "an assumption of obligations" include where the obligor assumes an obligation through the entering into of a contract or the making of an arrangement (whether or not such contract or arrangement is enforceable, and whether or not such obligations are assumed by him personally or together with any other person) or by any other means whereby his financial position is changed.

(Mandatory Provision 30)

Article 41      The following shall not be deemed to be prohibited for the purpose of Article 39 of this Chapter:

- (1) the provision of financial assistance by the Company in good faith in the interests of the Company the principal purpose of which is not to acquire shares in the Company, or where financial assistance is an incidental part of some larger overall plan of the Company;
- (2) the lawful distribution by the Company of its assets by way of dividend;
- (3) the distribution of dividend by way of an allotment of bonus shares;
- (4) a reduction of the registered capital, repurchase of shares or reorganisation of share capital in accordance with these Articles;
- (5) the lending of money by the Company within its scope of operations in the ordinary course of its business, provided that the Company's net assets are not thereby reduced or, to the extent that those assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company;

- (6) the provision of moneys by the Company for contributions to employees' share schemes, provided that the Company's net assets are not thereby reduced or, to the extent that those assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company.

(Mandatory Provision 31)

## **CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**

Article 42 The shares in the Company shall be in the form of registered share certificates. Share certificates are evidence showing the holding of the relevant shares by their respective shareholder.

Share certificates shall contain details prescribed by the Company Law and the rules of the stock exchange on which the Company's shares are listed.

(Mandatory Provision 32)

Article 43 Share certificates shall be signed by the Chairman. If the stock exchange on which the Company's shares are listed requires the signature of other officers of the Company, the share certificates shall also be signed by other relevant officers. A share certificate shall become valid after it is affixed with the company seal or a machine-printed seal. The seal of the Company shall not be affixed to any share certificate unless with the authorisation of the board of directors. The signatures of the Chairman or other officers of the Company on the share certificates may also be machine-printed signatures.

(Mandatory Provision 33; Opinion Letter on Supplemental Amendments 1-1; SEHK Listing Rules Appendix 3-2(1))

Article 44 The Company shall keep a register of shareholders and enter therein the following details:

- (1) the name (or title), address (or legal address), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid or payable on the shares held by each shareholder;
- (4) the serial number of the shares held by each shareholder;



(5) the date on which each person is entered in the register as a shareholder;  
and

(6) the date on which a person ceases to be a shareholder.

The register of shareholders shall be sufficient evidence of the holding of the shares of the Company by the shareholders, unless there is evidence to the contrary.

(Mandatory Provision 34)

Article 45 The Company may, in accordance with any understanding or agreements reached between the securities regulatory authority of the State Council and the overseas securities supervisory authorities, maintain a register of holders of overseas listed foreign shares outside the PRC, and appoint an overseas agent to maintain that register. The original of the register of holders of overseas listed foreign shares listed in Hong Kong shall be maintained in Hong Kong.

A duplicate of the register of holders of overseas listed foreign shares shall be made and maintained at the Company's legal address. The appointed overseas agent shall ensure at all times that the original and the duplicate registers of holders of overseas listed foreign shares are consistent.

In the case of inconsistencies between any information recorded in the original register of holders of overseas listed foreign shares and that of the duplicate register, the original register shall prevail.

(Mandatory Provision 35; SEHK Listing Rules Appendix 13d-1(b); Opinion Letter on Supplemental Amendments 1-2)

Article 46 The Company shall have a complete register of shareholders.

The register of shareholders shall comprise the following parts:

- (1) a part maintained at the Company's legal address, which shall be the register of all shareholders other than those registered in accordance with paragraphs (2) and (3) of this Article;
- (2) a register of holders of overseas listed foreign shares maintained at the place of listing; and

- (3) such parts maintained in such other places as the board of directors may deem necessary for listing purposes.

(Mandatory Provision 36)

Article 47 Different parts of the register of shareholders shall not overlap. No transfer of shares registered in one part of the register of shareholders shall, during the continuance of the registration of those shares, be registered in any other parts of the register of shareholders.

Alteration or rectification of each part of the register of shareholders shall be made in accordance with the law of the place where that part of the register of shareholders is kept.

(Mandatory Provision 37)

Article 48 (1) All transfers of overseas listed foreign shares listed in Hong Kong shall be effected by instruments of transfer in writing in the usual or common form or in such other form as the board of directors may accept, and may be under hand only or, if the transferor or transferee is a clearing house or its nominee(s), under hand or by machine-imprinted signature. All instruments of transfer must be lodged at the legal address of the Company or at such other place as the board of directors may from time to time designate.

(2) All fully paid up overseas listed foreign shares listed in Hong Kong are freely transferable in accordance with these Articles, but except where the following conditions are satisfied, the board of directors may refuse to recognise any instrument of transfer without providing any reason: (Opinion Letter on Supplemental Amendments 1-12)

- (i) a fee of HK\$2.50, or such higher amount as may be agreed by the Exchange, has been paid to the Company for the purpose of registering any instrument of transfer of shares or other document relating to or affecting the title to the shares;

(SEHK Listing Rules Appendix 3-1(1))

- (ii) the instrument of transfer relates only to overseas listed foreign shares listed in Hong Kong;

- (iii) stamp duty payable on the instrument of transfer is paid;
  - (iv) the relevant share certificate(s) and such other evidence as reasonably required by the board of directors to show the right of the transferor to make the transfer have been presented;
  - (v) where the shares of the Company are transferred to joint holders, the number of joint holders shall not exceed four; and (SEHK Listing Rules Appendix 3-1(3))
  - (vi) the relevant shares of the Company are free from all liens. (SEHK Listing Rules Appendix 3-1(2)) (Opinion Letter on Supplemental Amendments 1-12)
- (3) All domestic listed shares may be transferred in accordance with the rules, but subject to the following:
- (i) the Company does not accept the Company's shares as the subject of a charge;
  - (ii) the Company's shares held by the promoter shall not be transferred within 1 year from the Company's date of incorporation. Shares issued prior to the public offer of the shares of the Company shall not be transferred within 1 year from the date of commencement of dealing of the Company;
  - (iii) director, supervisor and other officer shall, during his term of office, periodically report his holding of the Company's shares to the Company. During his term of office, he shall not sell more than 25% of his shareholdings in the Company per year. Within 1 year from the date of commencement of dealing of the Company, he shall not transfer any share of the Company. He shall not within six months from the date of his cessation of office, sell his shareholdings in the Company;
  - (iv) The profit earned by a shareholder, who is holding more than 5 per cent of the shares of the Company carrying rights to vote, directors, supervisors, general managers and other officers shall belong to the Company, if such person sells his shareholding within 6 months from the date of his purchase of such shareholding or purchasing

shares of the Company within 6 months from the date of sale of his shareholding. The board of directors shall plough back its earning, provided that the sale of shares by securities company, who is holding more than 5 per cent of the shares of the Company as balance consequent to the acquisition of shares for underwriting shall not be subject to the six months restriction;

If the board of directors has not carried out this Article, the shareholders have the right to request the board of directors to carry out within 30 days. If the board of directors has not carry out this Article within the said period, the shareholders have the rights to sue directly at the People's court in their name for the benefit of the Company.

The responsible directors shall bear joint and several liability if the board of directors has not carry out this Article.

(v) shareholder, holding more than 5 per cent of the shares of the Company carrying rights to vote, charging his shares of the Company, shall make a written report to the Company on the date of event. This provision applies in directors, supervisors, general managers and other officers from legal shareholders, holding more than 5 per cent of the shares of the Company carrying rights to vote.

(4) No shares shall be transferred to any person who is not of legal age or suffers from mental incapacity or other legal incapacity.

Article 49 No change of registration shall be made on the register of shareholders by reason of a transfer of shares within 30 days prior to the holding of a general meeting or 5 days prior to the record date for the determination of dividend distribution by the Company.

(Mandatory Provision 38)

Article 50 When the Company convenes a general meeting, distributes dividends, goes into liquidation or carries out other activities which require the confirmation of shareholdings, the board of directors or convenor of general meeting shall fix a day to be the record date for the purpose of determining shareholdings, and a shareholder whose name is in the register of shareholders at the end of the record date shall be a shareholder, enjoying the respective rights, of the Company.

(Mandatory Provision 39)

Article 51 Any person who has any objection in relation to the register of shareholders and seeks to register his name (or title) on the register of shareholders or to delete his name (or title) from the register of shareholders may in each case apply to a court of competent jurisdiction to rectify the register of shareholders.

(Mandatory Provision 40)

Article 52 Any shareholder who is registered on the register of shareholders or any person who requests his name to be entered in the register of shareholders may, if he has lost his share certificate (the “original certificate”), apply to the Company for a new certificate in respect of the shares (the “relevant shares”) represented by the original certificate.

A holder of domestic shares who has lost his share certificate and applies for a replacement certificate to be issued shall comply with the provisions of Article 150 of the Company Law.

A holder of overseas listed foreign shares who has lost his share certificate and applies for a replacement certificate to be issued may do so in accordance with the laws, the rules of the stock exchange or other relevant requirements of the place where the register of holders of overseas listed foreign shares is maintained.

A holder of overseas listed foreign shares listed in Hong Kong who has lost his share certificate and applies for a replacement certificate to be issued shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in the form prescribed by the Company accompanied by a notarial certificate or a statutory declaration, the contents of which shall include:
  - (i) the grounds upon which the application is being made, the circumstances of the loss of the original certificate and evidence thereof; and
  - (ii) a statement that no other person is entitled to request for the registration as a shareholder in respect of the relevant shares.
- (2) The Company must, prior to the issue of a replacement share certificate, ensure that no other declaration has been received from any person other than the applicant seeking to be registered as a shareholder in respect of the relevant shares.

- (3) If the Company is prepared to issue a replacement share certificate to the applicant, it shall prior to the issue make a public announcement of such intention in such newspapers as may be prescribed by the board of directors for this purpose. The period of public announcement shall be 90 days during which such public announcement shall be published at least once every 30 days.
- (4) Prior to publication of the public announcements of the intended issue of replacement share certificate, the Company shall deliver to the stock exchange on which the relevant shares are listed a copy of such announcement. The announcement shall be published after the receipt of a reply from such stock exchange confirming that the announcement proposed to be published has been exhibited on such stock exchange. The period for exhibiting such announcement in such stock exchange shall be 90 days.

In the case of an application for the issue of a replacement share certificate made without the consent of the registered holder of the relevant shares, the Company shall send to such registered shareholder by post a copy of the announcement proposed to be published.

- (5) If, by the expiration of the 90 day period of the public announcement and exhibition referred to in paragraphs (3) and (4) of this Article, the Company has not received any objection to the issue of the replacement share certificate, the Company may issue a replacement share certificate for the relevant shares to the applicant pursuant to the application.
- (6) When the Company issues a replacement share certificate under this Article, it shall forthwith cancel the original certificate and enter the details of the cancellation and replacement issue in the register of shareholders.
- (7) All expenses of the Company relating to the cancellation of the original certificate and the issue of a replacement share certificate shall be borne by the applicant. The Company is entitled to refuse to take any action before reasonable security is provided by the applicant in respect of those expenses. (Mandatory Provision 41)

(8) The newspapers prescribed by the board of directors for publication of an announcement of a replacement share certificate under sub-paragraph (3) of this article shall include at least one Chinese newspaper and one English newspaper in Hong Kong.

Article 53 After the Company has issued a replacement share certificate in accordance with these Articles, the name (or title) of a bona fide purchaser who obtains the new share certificate or a person (if a bona fide purchaser) whose name (or title) is subsequently entered in the register of shareholders in respect of the relevant shares shall not be removed from the register of shareholders.

(Mandatory Provision 42)

Article 54 The Company shall not be liable for any damages suffered by any person by reason of the cancellation of an original certificate or the issue of the replacement share certificate, unless the claimant proves that the Company has acted fraudulently.

(Mandatory Provision 43)

## **CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

Article 55 A shareholder of the Company is a person who lawfully holds shares of the Company and whose name (or title) is entered in the register of shareholders.

A shareholder shall enjoy the rights and assume the obligations attached to the class and number of shares held; shareholders holding the same class of shares shall be entitled to the same rights and assume equal obligations.

(Mandatory Provision 44)

Any amount paid up in advance of calls on any share of the Company may carry interest but shall not entitle the shareholder to participate in respect thereof in a dividend subsequently declared.

Article 56 Where two or more persons are registered as the holders of any shares, they shall be deemed to hold the same as joint tenants, subject to the following provisions:

(1) the Company shall not be bound to register more than four persons as the joint holders of any shares;

- (2) the joint holders of any shares shall be liable severally and jointly for all payments which ought to be made in respect of such shares;
- (3) on the death of any one of such joint holders, the survivor(s) shall be the only person or persons recognised by the Company as having any title to any such shares, but the board of directors may require such evidence of death as it may deem fit for the purpose of making amendments to the particulars in the register of shareholders; and
- (4) only the person whose name stands first in the register of shareholders as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share, to receive notices from the Company, to attend and exercise all the voting powers attached to such shares at general meetings of the Company, and any notice given to such person shall be deemed notice to all the joint holders. (SEHK Listing Rules Appendix 3-1(3))

Article 57 The holders of ordinary shares of the Company shall enjoy the following rights:

- (1) to receive dividends and other distributions in proportion to the number of shares held by them;
- (2) to request, convene, chair, attend and vote in person or appoint a proxy to attend and vote on his behalf at general meetings in accordance with the law;
- (3) to supervise and to put forward proposals and make enquiries relating to the business operational activities of the Company;
- (4) to transfer, give or pledge all their shares in accordance with relevant laws, administrative regulations and these Articles;
- (5) to receive relevant information in accordance with these Articles, including:
  - (a) the right to obtain a copy of these Articles upon payment of the cost thereof;
  - (b) the right to inspect and receive copies of the following upon payment of reasonable charges:
    - (i) all parts of the register of shareholders;



- (ii) the following personal particulars of each of the directors, supervisors, general managers and other officers of the Company:
  - (A) his present and former name and aliases;
  - (B) his principal address (legal address);
  - (C) his nationality;
  - (D) his primary occupation, all other concurrent occupations and posts; and
  - (E) his identification document and its number;
- (iii) the state of the Company's share capital, the folio of the debenture and the financial report;
- (iv) a report showing the aggregate nominal value, the quantity and the maximum and minimum prices paid by the Company in respect of each class of shares repurchased by the Company since the last financial year, and the aggregate amount paid by the Company for this purpose;
- (v) minutes of general meetings, minutes of special resolutions of the Company; minutes of meeting of board of directors and supervisors;
- (vi) copy of the latest annual review report which has been filed with the competent administration for industry and commerce or other competent authorities, if applicable.

Documents set out in item (1) and items (3) to (6) above (except the folio of the debenture) and any other applicable documents shall be made available by the Company, according to the requirements of the listing rules of the stock exchange which the shares of the Company are listed, at the Company's address in Hong Kong, for the public and shareholders to inspect free of charge. Minutes of general meetings shall be made available for inspection by shareholders of the Company only.

- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of surplus assets of the Company according to the number of shares held by them;
- (7) shareholders, who do not agree to the merge or separation of the Company as approved by general meeting, may request the Company to repurchase their shares;
- (8) other rights conferred by laws, administrative regulations, department rules and regulations and these Articles.

(Mandatory Provision 45)

Shareholder, may request for the aforesaid information or data, shall supply written documents showing the nature and number of his shareholding in the Company. The Company after verification of his capacity as shareholder will comply with the request of the shareholder.

Resolutions of general meetings and meeting of the board of directors violating the law, administrative regulations, Shareholders may request the People's court to declare resolutions to be invalid. If the procedure for convention of general meeting, meeting of board of directors, the mode of voting violating the law, administrative regulations or these Articles, or the contents of the resolution violating these Articles, shareholders have the right to proceed legal proceedings at the People's court for rescission within 60 days from the date of the resolution.

When the Directors and other officers in performance of its duties violating the law, administrative regulations or these Articles causing damages to the Company, shareholders, who is solely or jointly holding more than 1% of the shareholding of the Company for more than 180 days consecutively, shall have the right to submit a written request to the Supervisory Committee for instituting legal proceedings at the People's court. When the Supervisors in performance of its duties violating the law, administrative regulations or these Articles causing damages to the Company, shareholders, who is solely or jointly holding more than 1% of the shareholding of the Company for more than 180 days consecutively, shall have the right to submit a written request to the board of directors for instituting legal proceedings at the People's court.

If upon receipt of the said request, the Supervisory Committee and board of directors refuse to institute legal proceedings or they have not institute legal proceedings within 30 days from the date of receipt of the request or under emergency circumstance whereupon if legal proceedings are not instituted immediately, the Company will suffer from irreparable damages, shareholders with the rights as prescribed aforesaid, shall have the right to sue directly in their own name at the People's court. The shareholders, as prescribed by this Article, may, in accordance with this Article, institute legal proceedings at the People's court for damages suffered by the Company for infringement of the Company's legal interest by any other person.

Where any person directly or indirectly having rights and interests fail to disclose such rights and interests, the Company shall not exercise its rights to freeze or otherwise harm any right of such person attached to the shares solely for this reason.

Article 58 Holders of ordinary shares of the Company shall have the following obligations:

- (1) to abide by these Articles;
- (2) to pay subscription moneys according to the number of shares subscribed and the method of subscription;
- (3) to dispose of its shares, save and except provided by laws and regulations;
- (4) not to abuse the shareholders' right to harm the Company or other shareholders' benefits; not to abuse the Company's legal person independent status and the shareholder limited liability to damage the interest of the Company creditors;
- (5) other obligations imposed by laws, administrative regulations and these Articles.

Except pursuant to the terms of an agreement made at the time of a subscription of shares, a shareholder shall not be liable to subscribe for further share capital.

The shareholders of Company, abuse the shareholders' right causing losses to the Company or other shareholders, must bear the responsibility to compensate in accordance with the law.

The shareholders of Company abuse the Company's legal person independent status and the shareholder limited liability, and evades the debt, seriously damage the interest of the Company creditors, must undertake the joint and several liability to the debt of the Company.

(Mandatory Provision 46)

## **CHAPTER 8 OBLIGATIONS OF CONTROLLING SHAREHOLDERS TOWARDS OTHER SHAREHOLDERS**

Article 59      Apart from obligations imposed by laws, or administrative regulations or the listing rules of the stock exchange(s) on which the shares of the Company are listed, a controlling shareholder when exercising his rights as a shareholder shall not, by virtue of the exercise of his voting rights, cause a decision to be made in a manner prejudicial to the interests of the shareholders generally or part of the shareholders in connection with the following matters:

- (1) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) in any manner of the Company's assets, including without limitation opportunities beneficial to the Company; or
- (3) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the personal rights of other shareholders, including without limitation rights to distributions and voting rights, but not including a proposal for the restructuring of the Company submitted to and approved by shareholders in general meeting in accordance with these Articles.

The controlling shareholder or de facto controller of the Company shall not use his associated relationship to damage the Company's interests. In case of a breach which results in damage to the Company, he shall be liable to compensate. The controlling shareholder and de facto controller of the

Company have fiduciary duties towards the Company and public shareholders of the Company. The controlling shareholder shall strictly exercise his rights as a capital contributor. The controlling shareholder cannot make use of methods such as distribution of profits, restructuring of assets, external investment, misappropriation of assets, borrowing or loan guarantee to damage the lawful interests of the Company and public shareholders. He shall not make use of his controlling position to damage the lawful interests of the Company and public shareholders.

(Mandatory Provision 47)

Article 60 A controlling shareholder referred to in the preceding Article means a person who satisfies any one of the following conditions:

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

The phrase “acting in concert” referred to in this Article means two or more than two persons by way of agreement (whether orally or by written) reaching a consensus, through one person acquiring voting rights of the Company, with an aim to obtain or consolidate control of the Company.

(Mandatory Provision 48)

## **CHAPTER 9 GENERAL MEETINGS**

### **Ordinary Provisions of General Meeting**

Article 61 The general meeting is the organ of power of the Company and its powers shall be exercised in accordance with law.

(Mandatory Provision 49)

Article 62 The general meeting shall exercise the following powers:

- (1) to determine the business policies and investment plans of the Company;
- (2) to elect and replace directors, who is not employees' representative, and to determine their remuneration;
- (3) to elect and replace supervisors who are the representatives of the shareholders and to determine their remuneration;
- (4) to consider and approve any report submitted by the board of directors;
- (5) to consider and approve any report submitted by the supervisory committee;
- (6) to consider and approve the annual financial budget and final accounts of the Company;
- (7) to consider and approve the profit distribution plan and the plan for making up accrued losses of the Company;
- (8) to resolve on the increase or reduction in the registered capital of the Company;
- (9) to resolve on such matters as the merger, demerger, termination and liquidation of the Company;
- (10) to approve the issue of bonds by the Company;
- (11) to resolve on the Company's appointment, dismissal or non-renewal of the appointment of a firm of accountants;
- (12) to amend these Articles;
- (13) to consider any resolution proposed by shareholders representing 3 per cent. or more of the shares carrying voting rights of the Company;
- (14) to consider the guarantee matters as stipulated in Article 62A;
- (15) to approve acquisition or sale of substantial assets, which is greater than 30% of the latest audited total assets, of the Company in a year;
- (16) to consider the approval for the change of the use of proceeds;
- (17) to consider share incentive scheme;

(18) any other matters required by law, administrative regulations, department rules and regulations and these Articles to be dealt with in a general meeting.

(Mandatory Provision 50)

Article 62A The Company shall obtain shareholders' approval for provision of the external guarantee:

- (1) Guarantee which single guaranteed amount exceeds 10% of the Company's latest audited net assets value;
- (2) All guarantees provided by the Company or its subsidiaries for third parties after the total guaranteed amount has exceeded 50% of the Company's latest audited net assets value;
- (3) Guarantees provided for an entity whose debt-to-asset ratio exceeds 70%;
- (4) Guarantees which guaranteed amount, when calculated on an accumulation basis within 12 consecutive months, exceeds 30% of the Company's latest audited total assets value;
- (5) Guarantees which guaranteed amount, when calculated on an accumulation basis within 12 consecutive months, exceeds 50% of the Company's latest audited net assets value and the absolute amount exceeds RMB 50,000,000;
- (6) Guarantees as prescribed by The Shanghai Stock Exchange Company Limited or the Articles.

In relation to matters concerning guarantees which are within the powers of the Board, in addition to the requirement that it shall be approved by the majority of all the Directors, it shall also be approved by two-third of the Directors present at the Board meeting; the guarantees mentioned in paragraph (4) above shall be approved at the Shareholders' meeting by the Shareholders representing at least two-third of voting rights present.

Article 63 The powers of general meeting as stipulated in Article 62 shall not be delegated to the board of directors or any other organisation or individual to exercise

Save and except that the Company is in the crisis and so on in the peculiar circumstance, the Company shall not, without the approval of a general meeting by special resolution, enter into any contract with any person other than a director, supervisor, general manager or other officer of the Company whereby the responsibility for the management of the whole or a substantial part of the business of the Company is delegated to such person.

(Mandatory Provision 51)

Article 64 General meetings are divided into annual general meetings and extraordinary general meetings. General meetings shall be convened by the board of directors. Annual general meetings shall be held once every year within six months after the end of each financial year.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following events:

- (1) when the number of directors is less than the number prescribed by the Company Law or fewer than two thirds of the number prescribed by these Articles;
- (2) when the accumulated losses of the Company amount to one third of the total amount of its share capital;
- (3) upon the written requisition of holders of 10 per cent. or more of the issued shares of the Company carrying voting rights;
- (4) when the board of directors considers it necessary or when the supervisory committee proposes to convene a general meeting.
- (5) upon request by more than half of independent directors.
- (6) circumstances as prescribed by laws, administrative regulations, department rules and regulations and these Articles

The number of shares held by the shareholders as at the date of the written requisition shall be taken as the number of shares held by them for the purposes of item (3) above.

(Mandatory Provision 52)

Article 65 (1) The venue for the Company's general meeting is: 520 Wangjiang West Road, Hefei City, Anhui Province, the People's Republic of China.



The general meeting shall be held at a meeting place, which will be convened by the on-the-spot meeting form. The Company will also provide voting through the internet for the shareholder's convenience for attending the general meeting of shareholders. The shareholder attends the general meeting of shareholders through the above ways will be deemed as attendance.

- (2) When the Company convenes a general meeting, it shall at least 45 days prior to the date of the meeting give written notice to all shareholders registered in the register of shareholders and shall inform all the registered shareholders of the matters proposed to be considered at the meeting and the date and venue of that meeting. A shareholder proposing to attend the general meeting shall at least 20 days prior to the holding of the meeting deposit at the Company a written reply confirming his attendance. (Mandatory Provision 53)
- (3) Notice of a general meeting shall be given by the Company not more than 60 days prior to the date of that meeting.
- (4) In determining the period of notice, the date on which the notice is despatched and the date of the meeting shall be excluded.
- (5) The date on which a notice is delivered to the postal authority for posting by the Company or by the share registrar appointed by the Company, and not the date on which such notice is deemed under Article 263 to be received by the shareholders, shall be deemed to be the date on which notice is given under this Article.
- (6) Upon the convention of general meeting of shareholders by the Company, the Company will retain lawyer to opine on the following questions and make the relevant announcement: whether the convention of the meeting and the convention procedures have conforms to the law, the administrative rules and regulations, these Articles; whether the qualifications of the attendee and the convener is valid; whether the voting procedure and voting result are legitimate and valid, and to opine on any other relevant questions raised by the Company.

Article 66 Where the Company convenes general meeting, board of directors, Supervisory Committee and shareholders, solely or jointly, holding more than 3 per cent. (including 3 per cent) the total shares of the Company carrying the right to

vote are entitled to submit in writing any new proposal for the Company's consideration. The Company shall include in the agenda of that meeting those matters contained in the proposal which are within the scope of the duties of the shareholders in general meeting.

(Mandatory Provision 54)

Shareholders, solely or jointly, holding more than 3 per cent the total shares of the Company, may on or before the 10 days prior to the holding of a general meeting propose, with written submission to the convener, temporary proposal. The convener shall within 2 days from the date of receipt of such proposal issue a supplementary notice, in respect of the announcement of the contents of the temporary proposal, to the general meeting.

Apart from the situation stipulated in the previous sub-clauses, after the announcement of the notice of general meeting, the convener shall not amend proposed resolution stated in notice of the general meeting or to add any new proposed resolution.

Any resolution which is not stated in the notice of general meeting or not complied with Article 99 of these Articles shall not be proposed for voting and be resolved.

Article 67 The Company shall, according to the written replies received 20 days prior to the holding of a general meeting, calculate the number of shares carrying the right to vote represented by the shareholders proposing to attend the meeting. If the number of shares carrying the right to vote represented by the shareholders proposing to attend the meeting exceeds 50 per cent. of the total number of shares of the Company carrying the right to vote, then the Company may proceed to hold the general meeting; if that percentage is not exceeded, the Company shall within 5 days notify the shareholders again of the matters proposed to be considered at the meeting and the date and venue of the meeting by way of public announcement. After such public announcement, the Company may proceed to hold the general meeting.

An extraordinary general meeting shall not decide on any matters not set out in the notice convening that meeting. When shareholders consider matters as set out in the notice at an extraordinary general meeting, no amendment can be made to matter in relation to Article 120. Any amendment will be considered as a new motion and cannot be voted at such general meeting.

(Mandatory Provision 55)

Article 68 A notice of general meeting shall comply with the following requirements:

- (1) it shall be given in writing;
- (2) it shall specify the place, the date and the time of the meeting;
- (3) it shall state the matters to be discussed at the meeting;
- (4) it shall provide to the shareholders such information and explanation as are necessary for them to make an informed decision on the matters proposed to be discussed. Without limiting the generality of the foregoing principle, when the Company proposes to merge with another, to repurchase its shares, to reorganise its share capital, or to restructure in any other way, details of the terms of and the contract (if any) for the proposed transaction shall be provided and the reason for and the effect of such proposal must be properly explained;
- (5) if any director, supervisor, general manager or other officer has a material interest in any matter to be discussed, the notice shall disclose the nature and extent of his interest; if the effect of the matter to be discussed on such director, supervisor, general manager or other officer in his capacity as shareholder is different from the effect on the other shareholders of the same class, then such differences should be specified;
- (6) it shall contain the text of any special resolution to be proposed at the meeting;
- (7) it shall contain conspicuously a statement that all shareholders are entitled to attend and vote at the meeting and are entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a shareholder;
- (8) it shall specify the time and place for lodging proxy forms;  
  
(Mandatory Provision 56)
- (9) share record date for the right to attend the general meeting;
- (10) the contact person and telephone number for the meeting.

Article 69 Notices of general meetings shall be served on all shareholders (whether or not entitled to vote thereat) by personal delivery or prepaid mail, and the address of the recipient shall be the address appearing on the register of shareholders.

In respect of holders of domestic shares, notices of general meetings may be served in accordance with the foregoing paragraph or by way of public announcement.

The aforesaid public announcement shall be published within the period of 45 to 50 days prior to the date of the general meeting in one or more newspapers specified by State Council securities regulatory authority. Once the notice is published, all holders of domestic shares shall be deemed to have received the relevant notice of general meeting.

The Company shall, with the aim to ensure that the general meeting is legal and valid, adopt various means and ways including the provision of modern information technology such as voting through internet and expansion of the participation by the public shareholder to the general meeting.

(Mandatory Provision 57)

Article 70 The accidental omission to give notice of a meeting to any person entitled to receive notice or the non-receipt of notice of a meeting by such person shall not invalidate the meeting or any resolution passed at that meeting.

(Mandatory Provision 58)

Article 71 After the issue the notice of general meeting, the general meeting cannot be postponed without reason. The Company has to postpone general meeting for special reason, the Company shall issue notice of postponement at least 5 working days before the scheduled date of the original general meeting. The convener shall state in the notice the reason for the postponement and the adjourned date.

The date for determining the right to attend general meeting shall not be changed if the general meeting is postponed by the Company.

Article 72 Any shareholder entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (whether or not a shareholder) as his proxy to attend and vote instead of him, and that proxy may exercise the following rights in accordance with the authorisation of the shareholder:

- (1) the same right as the shareholder to speak at a general meeting;
- (2) the right to demand or join with others to demand a poll; and
- (3) the right to vote on a show of hands or on a poll, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

(Mandatory Provision 59)

Article 73 Board of directors of the Company and other conveners will take the necessary measure to ensure the normal order of the general meeting of shareholders. Measure will be implemented to stop any disturbance to the general meeting, any action stir up trouble and encroaches upon the shareholder legitimate rights. Prompt report will be made to the relevant department for investigation.

All shareholders, who has been recorded in the register on the record date, or its agent, shall have the right to attend the general meeting of shareholders, and exercises their right to vote in accordance with the relevant law, the laws and regulations and these Articles. Shareholder may attend general meeting in person, shareholder may appoint proxy to attend and vote on his behalf.

A shareholder shall appoint his proxy by an instrument in writing. Such instrument shall be made under the hand of the appointer or his attorney duly authorised in writing. If the appointer is a legal person, then the instrument shall be signed under a legal person's seal or under the hand of its director or an attorney duly authorised in writing.

(Mandatory Provision 60)

Article 74 Individual shareholder personally attending meeting shall present his personal identification document and evidence of shareholding. Proxy attending meeting shall present his personal identification document, proxy form and evidence of shareholding.

Corporate shareholder shall attend meeting by its legal representative or person appointed by legal representative. Legal representative attending meeting shall present his personal identification document, documents showing his capacity of legal representative form and evidence of shareholding. Person authorised by the legal representative shall present his personal identification document, document showing the legal representative has duly appointed the proxy and evidence of shareholding.

Article 75 The proxy form issued by shareholder authorising other person to attend general meeting shall include the following:

- (1) the name of the proxy;
- (2) whether the proxy has the voting rights;
- (3) the instruction for voting for, against or abstain for each item as stated in the agenda of general meeting;
- (4) whether the proxy has the right to vote for any items raised at general meeting and being included in the agenda, if so, specific instruction for the way of voting;
- (5) the date of signing of the proxy and the expiry date;
- (6) signature (or chop) of the appointer, if the appointer is a corporate shareholder, the document shall be affixed with the seal of the corporate shareholder.

Article 76 (1) The instrument appointing the proxy shall be deposited at the legal address of the Company or such other place prescribed in the notice convening the meeting, 24 hours prior to the holding of the relevant meeting or 24 hours prior to the time appointed for the taking of the poll. If such instrument is signed by a person authorised by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarised. The notarially certified copy of that power of attorney or other document of authority shall be deposited together with the said instrument at the legal address of the Company or such other place prescribed in the notice convening the meeting.

(2) If an appointer is a legal person, its legal representative or such person authorised by resolution of its directors or other governing body to act as its representative may attend the general meeting.

(Mandatory Provision 61)

Article 77 Any form issued to shareholders by the board of directors to be used for appointing proxies shall enable the shareholder, according to his intention, to instruct the proxy to vote in favour of or against each resolution to be proposed at the meeting. Such a form shall contain a statement that in default of instructions, the proxy may vote as he thinks fit.

(Mandatory Provision 62)

Article 78 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the appointer, or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of these matters shall have been received by the Company prior to the commencement of the relevant meeting.

(Mandatory Provision 63)

- Article 79
- (1) The attendance register for person attending meeting shall be prepared by the Company. The register of meeting shall consist of the name of the attendee (or the address, address, the number of shares, which having the right to vote, held by such attendee or representing and the name of the appointer (or the name of the corporation) etc.
  - (2) The convener and the lawyer retained by the Company shall jointly verify the qualifications of shareholders in accordance with the register of members provided by the securities clearing and registration organisation, and register the name of the shareholder (or the name of the corporation) and the number of shares, which having the right to vote, held by him. The registration of meeting shall be terminated before the chairman of the meeting declared the number of shareholders physically attend the meeting, the number of proxy and the total number of shares with voting rights.
  - (3) During the convention of general meeting, all the directors, supervisors and Secretary of the board of directors of the Company shall attend the meeting. General manager and other officers shall in attendance.
  - (4) The Company formulates the “Rules Governing the Operation of the General Meeting” stipulating the convention and the vote procedure, including notice, registration, consideration of the proposed resolution, voting, counting of votes, declaration of voting result, the formulation of resolution of meeting, minutes of meeting and its execution, contents of announcement, as well as principle of delegation to board of directors by general meeting, the concise disclosure of the contents of delegation. The “Rules Governing the Operation of the General Meeting”, which shall be drawn by the board of directors and approved by general meeting, shall form as an annexure to these Articles should take the regulation the appendix.

Article 80 Resolutions of general meetings are divided into ordinary resolutions and special resolutions.

An ordinary resolution shall be passed by the holders of more than one half of the total number of votes held by the shareholders present in person (or by proxy) at a general meeting.



A special resolution shall be passed by the holders of more than two thirds of the total number of votes held by the shareholders present in person (or by proxy) at a general meeting. (Mandatory Provision 64)

For the purposes of the preceding paragraph, a shareholder (or his proxy) who attends a meeting must cast one of the following votes on each resolution in respect of which a vote is to be taken: in favour of, against or abstain. Votes that are left blank, erroneously filled-in, illegible or not cast, shall be regarded as a shareholder (or his proxy) abstains from voting, the number of such votes shall be counted as “abstain”.

Article 81 At a general meeting at which a vote is to be taken, shareholders (including proxies) may exercise their voting rights in respect of the number of shares held by them which carry the right to vote. Each share shall carry one vote.

(Mandatory Provision 65)

The Company Shares held by the Company has no voting rights, and such shares shall be disregarded in calculating the total number of votes carrying voting rights at a general meeting.

Provided that the passing of any resolution shall be subject to any special rights or restrictions as to voting rights for the time being attached to any class of shares.

Where a shareholders’ general meeting considers a major issue affecting the interests of a medium-sized and minority investors, a vote shall be counted separately for medium-sized and minority investors. Results of separate vote counting shall be disclosed in a timely manner.

Article 82 (1) Board of directors, independent directors and shareholders meeting relevant requirements and conditions can publicly collect votes of shareholders of the Company. The shareholder, whose votes are being collected, must be fully informed as to, inter alia, the voting preference. The collection of votes conducted by way of payment or disguised payment is prohibited. The Company shall not impose any minimum shareholding requirement in respect of collection of votes.

(2) Save and except special circumstances such as force majeure resulting in the termination or the inability to vote on a resolution of the meeting, the motion shall not be set aside or retrieve from voting in the meeting.

- (3) The motion shall not be amended during the consideration of the same in a meeting, otherwise, such amendments shall be regarded as a new motion and shall not be voted on in the same meeting.
- (4) The same voting right shall only be casted in person, through the Internet or by other means. Shall the same voting right occurs more than once, only the first vote shall be counted.
- (5) A meeting held in person shall not conclude before the meeting through the Internet or by other means, The Chairman of the meeting shall announce the circumstances and result of each motion, and announce whether the motion has been passed according to the results of the votes.
- (6) Prior to the formal announcement of the voting results, the listed company, vote-counter, scrutineer, major shareholders, internet service provider and such related parties in relation to a meeting (through internet or other voting means) shall be obligated to keep the results of the votes in confidence.

Article 83 At any general meeting, a resolution shall be decided on a show of hands unless a poll is (before or after any vote by show of hands) demanded by the following persons:

- (1) the chairman of the meeting; or
- (2) at least two shareholders having the right to vote present in person or by proxy; or
- (3) one or more shareholder present in person (or by proxy) who alone or together hold 10 per cent. or more of the shares carrying the right to vote at that meeting.

Unless a poll is demanded, a declaration by the chairman as to the results of the vote on a resolution based on the results of the show of hands and a record to that effect in the minutes of the meeting, shall be conclusive evidence of that fact. It shall not be necessary to certify the number or proportion of the votes cast in favour of or against such resolution at that meeting.

The demand for a poll may be withdrawn by the person or persons who demanded it.

(Mandatory Provision 66)

Nonetheless, where the listing rules of the stock exchange(s) on which the shares of the Company are listed require voting at general meetings to be taken by way of poll, a resolution put to the vote of any general meetings shall be decided by a poll.

Article 84 If the matter in respect of which a poll is demanded relates to the election of the chairman of the meeting or the adjournment of the meeting, the poll shall be taken forthwith. A poll demanded on any other matter shall be taken at such time as the chairman of the meeting decides, and the meeting may continue to proceed to discuss other matters. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

(Mandatory Provision 67)

The result of a poll shall be declared as soon as possible.

Article 85 On a poll taken at a meeting, a shareholder (including his proxy) entitled to two or more votes need not cast all his votes in the same way.

(Mandatory Provision 68)

Prior to the voting of the motion in a meeting, two representatives of shareholders shall be recommended to count and monitor the votes. Those who have interest in the motion, related shareholders and proxies shall not participate in counting or monitoring the votes.

During the voting of a motion at a meeting, a solicitor, shareholder representative and scrutineer shall be jointly responsible for counting, monitoring, announcing and recording the voting results into the minutes.

Shareholders or proxies of listed companies who participate in a meeting through the Internet or by other voting means, shall have the right to examine their own voting results through the respective voting systems.

Article 86 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to an additional vote.

(Mandatory Provision 69)

Article 87 The following matters shall be approved by ordinary resolution of a general meeting:

- (1) work reports of the board of directors and the supervisory committee;
- (2) proposals formulated by the board of directors for distribution of profits and for making up accrued losses;
- (3) removal of members of the board of directors and the supervisory committee, their remuneration and method of payment;

- (4) annual budget and final accounts, balance sheet, profit account and other financial reports of the Company;
- (5) Company annual report;
- (6) all matters required to be approved by a general meeting other than those required to be approved by way of special resolution under any law, administrative regulations or these Articles.

(Mandatory Provision 70)

The remuneration referred to in sub-paragraph (3) of the preceding paragraph includes (but is not limited to) compensation for loss of office or retirement from office of a director or supervisor.

Article 88 The following matters shall be approved by special resolution of a general meeting:

- (1) the increase or reduction of capital of the Company and the issue of any class of shares, warrants and other similar securities by the Company;
- (2) the issue of bonds of the Company;
- (3) the demerger, merger, dissolution and liquidation of the Company;
- (4) any amendment to these Articles; and
- (5) the Company enters into transaction acquiring or disposing of assets or provides guarantee, whether the subject assets of the transaction are related or not, if the assets value or the consideration involved in that transaction, when taken together with the accumulated total asset values or total considerations of other transactions happened within 12 consecutive months, exceeds 30% of the Company's latest audited total assets value;
- (6) shareholdings incentive scheme;
- (7) law, administrative rules and regulations or these Articles, and other matters which the general meeting has resolved by way of ordinary resolution as having a potentially material effect on the Company and should be approved by special resolution.

(Mandatory Provision 71)

Article 89 Half of the total number of the independent directors, Shareholders who singly or jointly hold more than 10 per cent of the shares carrying rights to vote (hereinafter called ‘Requisitioning Shareholder’) or supervisory committee, may request the board of directors to convene an extraordinary general meeting or a class meeting in accordance with the following procedures:

- (1) Upon requisition by more than half of the independent directors to convene an extraordinary general meeting, the board of directors must act according to the laws, administrative rules and the Articles herein, and provide written reply on whether they agree or disagree to convene the extraordinary general meeting within 10 days of the date of receipt of the proposal.

If the board of directors agrees to convene an extraordinary general meeting, a notice of general meeting shall be issued within 5 days after such a board resolution is made, If the board of directors decline to convene an extraordinary general meeting, reasons must be given and announced.

- (2) Requisitioning Shareholder or supervisory committee signing a written requisition in one or more counterparts in the same form and content (including the agenda for the meeting and completed motion, Requisitioning Shareholder or supervisory committee shall ensure the motion comply with law, regulation and the requirements of these Articles) require the board of directors to convene an extraordinary general meeting or a class meeting and state in such written requisition the matters to be considered at the meeting.
- (3) The board of directors shall, after receipt of the aforesaid written requisition from the supervisory committee, within 15 days issue a notice for convention of extraordinary general meeting or class meeting, the process for convention shall comply with these Articles. The number of shares held by the shareholders as at the date of the deposit of the written requisition shall be taken as the number of shares held by them for the purposes of this sub-paragraph.
- (4) As regards to the written requisition from the Requisitioning Shareholder for convention of extraordinary general meeting or a class meeting, the board of directors shall be based on the law, regulation and these Articles

to determine whether to convene general meeting. The decision of the board of directors shall be given to the Requisitioning Shareholder within 15 days from the date of the aforesaid written requisition.

The board of directors consents to the convention of general meeting shall give notice of general meeting within 15 days from the date of their resolution. Amendment to the original motion to be stated in the notice shall be agreed by the Requisitioning Shareholder. After the issue of notice, the board of directors shall not make new motion. The board of directors shall not change or postpone the time for convention of meeting without consent of the Requisitioning Shareholder.

The board of directors of the opinion that the motion made by the Requisitioning Shareholder is violating the law, regulation and the provisions of these Articles, the board of directors shall make the decision for not agreeing to the convention of general meeting or class meeting. The decision of the board of directors shall be given to the Requisitioning Shareholder within 15 days from the date of their resolution. The Requisitioning Shareholder may, within 15 days from the date of receipt of notice, decide to give up the convention of general meeting or class meeting, or issue notice of general meeting or class meeting by himself.

- (5) If the board of directors fails to issue a notice convening a meeting within 30 days of its receipt of the aforesaid written requisition, the requisitioning shareholders may on their own convene a meeting within 4 months of the receipt of such requisition by the board of directors. Such a meeting shall be convened in a manner as nearly as possible to that of a general meeting convened by the board of directors.

All reasonable expenses incurred in relation to a meeting convened by the shareholders themselves which arises from the board of directors fail to convene a meeting pursuant to the requisition shall be borne by the Company and shall be set off against sums owed by the Company to those directors in default.

(Mandatory Provision 72)

- (6) When supervisory committee or Requisitioning Shareholder decide to convene extraordinary general meeting or class meeting by itself, it shall give written notice to the board of directors and at the same time notify the local agent of China Securities Regulatory Commission and file at the stock exchange in China. The content of the notice for convention of meeting shall comply with the following requirements:
- (i) new content shall not be added to the motion, otherwise the supervisory committee or Requisitioning Shareholder shall make request to the board of directors for convention of meeting again in accordance with the provision of this Article;
  - (ii) the venue for the meeting shall be the legal address of the Company.
- (7) As regards to general meeting or class meeting convened by Supervisory committee or Requisitioning Shareholder, the board of directors and Secretary of the board of directors shall perform their duties. The board of directors shall ensure that the procedure of the meeting is regular, the reasonable costs for convention of meeting shall be borne by the Company.
- (8) The board of directors cannot assign a director to be chairman of the meeting, the meeting shall be presided by supervisory committee or the Requisitioning Shareholder according to these Articles. The secretary of the board of directors shall perform his duty. Other procedure for summoning of meeting shall comply with the provision of law, regulation and these Articles.
- (9) The Requisitioning Shareholder shall submit relevant evidence to the local agent of China Securities Regulatory Commission and stock exchange in China when issuing a notice of general meeting and board resolution.

Article 90 If the number of directors is less than the minimum number set by the Company Law, or less than two-thirds of the number required by these Articles of Association; or the amount of the Company's losses that have not been made up reach one-third of its total share capital; The board of directors not convene an interim period of the shareholders' meeting, or the board of supervisors or shareholders can offer according to this articles program to convene extraordinary shareholders' general meeting

Article 91 (1) General meetings shall be convened and presided by the chairman of the Company. If the chairman is unable to attend the meeting for any reason, the chairman may designate a director to convene the meeting and to act as chairman of the meeting. If no chairman of the meeting is designated, the Shareholders present at the meeting may elect a person to act as chairman of that meeting, and if for any reason the shareholders are unable to appoint a chairman of the meeting, the shareholder (including his proxy) present at the meeting holding the greatest number of shares carrying the right to vote shall be the chairman of the meeting.

(Mandatory Provision 73)

(2) Meetings convened by the supervisory committee shall be presided by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable to or does not perform his duty, over 50 per cent of the supervisors may nominate another individual to act as chairman.

For a meeting convened by Shareholders in accordance with the terms of these Articles, the convener shall nominate the Chairman.

(3) The chairman shall announce the number of shareholders and proxies present at the meeting and their total number of shares carrying voting rights prior to voting. The total number of shareholders and proxies present at the meeting, and the total number of shares carrying voting rights shall be determined in accordance with record of registration of the meeting.

(4) If a meeting is unable to continue as a result of the chairman's violation of the rules and procedures of a meeting, the meeting may continue upon the election of an individual to be the chairman by over 50 per cent of shareholders with voting rights who are present at the meeting.



(5) A convener shall ensure that the meeting continues until a resolution is formed. If the meeting is adjourned or no resolution can be made due to force majeure or any other special reasons, measures shall be taken immediately to resume the meeting or conclude the meeting, and an announcement shall be issued accordingly. Simultaneously, the convener shall report to the local agent of the China Securities Regulatory Commission and stock exchange in China.

Article 92 The chairman of the meeting shall be responsible for deciding whether or not a resolution of the general meeting is passed. His decision shall be final and shall be declared at the meeting and recorded in the minutes of the meeting.

(Mandatory Provision 74)

Article 93 If the chairman of a meeting has any doubt as to the results of a vote on a resolution, he may conduct a count of the votes cast. If the chairman of the meeting fails to conduct a count of votes, any shareholder who is present in person or by proxy and who objects to the results declared by the chairman of the meeting may immediately after the declaration of results demand a count of votes, and the chairman of the meeting shall conduct a count of votes immediately.

(Mandatory Provision 75)

Article 94 (1) There shall be minutes for the general meeting, which is the responsibility of the secretary of the board of directors. The minutes consist of the following: the date, venue, agenda and the name of the convener, chairman and directors present, the name of the supervisor, manager and other senior management, the number of shareholders (including proxy) present, the total shares carrying voting rights and the ratio against the total Company shares, the consideration process of each motion, the main points of the speech and the voting result, shareholders' opinion or suggestions and the respective response or explanation, names of the lawyer, vote-counter, and the scrutineer, and any other information required by these Articles to be recorded in the minutes.

(2) A convener shall ensure the truthfulness, preciseness and completeness of the contents of the minutes. Directors, supervisors, the secretary of the board of directors, and the convener or his representative who are present at the meeting, shall sign on the minutes together with the chairman. The aforesaid minutes of meeting, attendance books and instruments for the appointment of proxy shall be kept by the secretary of the board of directors for custody for not less than 10 years.

Article 95 If a count of votes is carried out at a general meeting, the results thereof shall be entered in the minutes of the meeting.

The minutes of general meetings together with the attendance book signed by the shareholders present at the meeting and the instruments for the appointment of proxies present at the meeting shall be kept at the legal address of the Company.

(Mandatory Provision 76)

Article 96 Shareholders may, during the business hours of the Company, inspect without charge copies of the minutes of general meetings. If any shareholder requests from the Company a copy of the relevant minutes, the Company shall send such a copy to him by post within 7 days after having received the reasonable payment therefor.

(Mandatory Provision 77)

Article 97 Motion has not been approved at the general meeting, the general meeting has made substantial amendment to the motion or general meeting amending the resolution of shareholders passed at the prior general meeting, the board of directors shall make explanatory notes to the resolution of general meeting.

Article 98 The public announcement of the resolution of general meeting shall state the number of shareholder (including the proxy) attending the meeting, the aggregate number of shareholding and the proportion to the Company's total voting rights, the mode of voting and the result of voting for each agenda. As regards to motion put by shareholders, the public announcement shall state the name or description and proportion of shareholding of such shareholder and the content of the motion.

## **Part II Motion of general meeting**

Article 99 Motion of general meeting is made for specific matters to be discussed at general meeting, general meeting shall resolve for specific motion. Motion of general meeting shall comply with the following conditions:

- (1) content shall not violate law, regulation and these Articles and within the business scope of the Company and the power of general meeting;
- (2) has specific discussion topic and specific matter to be resolved;
- (3) presented or delivered to board of directors in written form.

Article 100 The board of directors shall state in the notice of general meeting matters to be discussed at this general meeting and fully disclose the contents of all motions put by the board of directors. If amendment required to be made to resolution passed at the prior general meeting, the content of motion shall be complete. The notice shall not just state the part of amendment.

Matters included into ‘any other matter’ but without stating specific content shall not treated as a motion and general meeting cannot vote for that.

Article 101 After the issue of notice of general meeting, board of directors shall not raise any new motion which is not included in the notice of general meeting. Amendment to original motion shall be notified to all shareholders on 15 days before the date of convention of general meeting. Otherwise, the date of convention of meeting shall be adjourned with an interval of not less than 15 days.

Article 102 Ad hoc motion, which is not included in the notice of board of directors and dealt with matter stated in Article 120 of these Articles, being put at annual general meeting, the person putting the motion shall deliver the motion to the board of directors on 10 days before the date of convention of general meeting. The board of directors will examine the motion and then make a public announcement.

Article 103 The board of directors shall based on the Company and shareholders' best interest as principle examine the motion of general meeting in accordance with Article 99. As regards to the aforesaid ad hoc motion of annual general meeting, the board of directors shall examine the motion based on the following principle:

- (1) Relation. For motion of shareholder dealing with matter directly related to the Company and such motion does not breach the scope of power of shareholder prescribed by law, regulation and these Articles, the board of directors shall present it to the general meeting for discussion. Motion not complied with such requirement cannot be presented to general meeting for discussion. If the board of directors decided not to present the motion of shareholder presented to general meeting for voting, it shall explain and state at that general meeting.
- (2) Procedure. The board of directors can judge the procedure of the motion of shareholder. If the motion will be separated or combined for voting, the board of directors shall require the consent of original proposer. If the original proposer does not agree to the amendment, the chairman of the general meeting may request shareholder to vote in respect of the problem of procedure and the discussion shall be conducted in accordance with the rules of the general meeting.

Shareholders, making the motion, disagree with the board of directors not to include his motion to the agenda of the general meeting can convene extraordinary general meeting in accordance with Article 89.

Article 104 The board of directors, decides not to include the motion to the agenda of the general meeting, shall explain and state at that general meeting. The content of the motion and the explanation of the board of directors shall be announced with the resolution of general meeting after the conclusion of general meeting.

Article 105 Motion in respect of investment, disposal of assets and acquisition and merger shall fully state the detail of the matter, include the amount involved, consideration (or the method of calculation), the book value of the asset, the influence to the Company, the progress of the approval etc. If valuation of asset, audit or the report to be issued by independent financial adviser are required pursuant to the relevant regulation, the board of directors shall disclose the valuation of asset, audit or the report issued by independent financial adviser at least 5 working days before the convention of general meeting.

Article 106 The board of directors raises any proposal for change the use of proceed shall state in the notice of general meeting the reason for the change, the new project and the influence to the future of the Company.

Article 107 Matters in relation to public issue of shares shall be approved by China Securities Regulatory Committee and be put as special motion.

Article 108 After the board of directors examines the approved annual report, the board of directors shall determine the profit distribution proposal which will be a motion of annual general meeting. When the board of directors proposes the conversion of capital common reserve to capital, the board of directors shall disclose the net asset value per share and earning per share after and before the conversion and the influence to the future development of the Company.

Article 109 The appointment of firm of accountant, shall be proposed by the board of directors, and approved by the general meeting. The board of directors shall give prior notice to such firm of accountant before their proposal for removal or non-renewal of such firm of accountant. The board of directors shall give the reason to the shareholder. Firm of accountant has the right to present their opinion to general meeting. If the board of directors for proper reason removes a firm of accountant at the time other than the general meeting, the board of directors may temporary retain another firm of accountant, but such appointment shall be rectified by shareholders at the next general meeting. If the firm of accountant resigns, the board of directors shall state the reason at the next general meeting. The resigning firm of accountant has the duty to send a representative to attend general meeting or in written form stating the Company does not have any fault.

### **Part III Procedure for appointment of directors and supervisors**

Article 110 The list of candidate for directors and supervisors shall be resolved by general meeting in the form of motion. The board of directors shall provide the simple resume and general information of the candidates to the shareholders.

Article 111 The nomination of directors and supervisors may adopt the following method and procedure:

- (1) The board of directors or supervisory committee may pass a resolution to put proposal for changing directors or supervisors at general meeting.
- (2) If Shareholders, singly or jointly holding more than 5 per cent of the shares carrying rights to vote, propose change of directors or supervisors, shareholders shall deliver a motion with the simple resume and general information of the candidate in written form to the board of directors for their examination of relation and procedure in accordance with the articles of association. After passing the examination, the board of directors will in the form of motion state in the 45 days prior public announcement for convention of general meeting for voting by shareholders.
- (3) Before the convention of annual general meeting, shareholders, singly or jointly holding more than 5 per cent of the shares carrying rights to vote, or supervisory committee may propose ad hoc motion for election or change of directors or supervisors.
- (4) At the time of request of the board of directors to convene extraordinary general meeting, Requisitioning shareholder or supervisory committee, may in written form request the board of directors for motion for election or change of directors or supervisors.
- (5) The board of directors of the Company, the supervisory committee of the Company and the shareholders, singly or jointly holding more than 5 per cent of the shares carrying rights to vote, may propose a candidate of independent director, who will be elected at general meeting.
- (6) Representative of employees, who will be a supervisor, shall be elected by the employees of the Company.

Article 112 The Company shall disclose the detail information of candidates of directors before the convention of general meeting so as to ensure the shareholders have sufficient understanding of the candidate at the time of voting.

Article 113 The candidates of directors shall before the convention of general meeting make a written promise, agree to the nomination and confirm the information of the director, publicly disclosed, are correct, complete and guarantee that he will duly perform his duties after election.

Article 114 The election process of directors shall fully reflect the opinion of the minority shareholders. The election of directors at general meeting shall use accumulated voting system.

At the time of election of directors, the voting right of each shareholder equal to the number of his shareholding times the number of directors to be elected. Each shareholder can vote all his votes to one candidate of director, he can distribute his votes to as all candidates of director as he desires, or use all his votes to vote for two or more than two candidates of directors, the person having the greatest vote will be elected. Independent directors and non-independent directors shall be voted separately.

If in a meeting the election of a director and/or a supervisor is passed, the date of appointment of a new director and/or a supervisor shall be the effective date as stipulated at the meeting.

#### **Part IV Other special provision of general meeting**

Article 115 At the annual general meeting, the board of directors shall report the progress of matters, to be dealt with by the board of directors, resolved by general meeting at the prior annual general meeting.

Article 115A The following matters shall be approved by the general meeting, with more than half of the public shareholders attending the meeting, prior to the implementation or submission of application:

1. the Company allots additional shares to the public, issue of convertible debenture and placing of shares to the existing shareholders except the controlling shareholder have undertaken to pay the entire amount of subscription money by cash prior to the convention of the meeting).
2. Material asset reorganization, the total asset value of the acquired assets represents 20% or more premium of its audited book net asset value.
3. the Company's shareholder utilize its shareholding in the Company for settlement of its debt owed to the Company.
4. Associate companies, with significant effect to the Company, to be listed in foreign.
5. during the development of the company, relevant matters that have significant effect to the interest of the public shareholder.

The Company shall provide voting through internet to the shareholder for general meeting conducted by the Company for consideration of the said matters.

Article 115B When the said situation happens, the Company shall, after the issue of the notice of general meeting, within 3 days from the share record date publish the notice of general meeting again.

Article 116 At the annual general meeting, the supervisory committee shall read their special report of the Company for the last year which include:

- (1) the examination of the financial situation;
- (2) the performance of the execution of duty, the respective law, regulation, these Articles and resolution of general meeting of directors and senior management;
- (3) other major events which the supervisory committee considers to be appropriate to report to general meeting.

If the supervisory committee considers necessary, it may give opinion on the motion examined at general meeting and delivers independent report.

Article 117 Registered accountant issued audited report with explanatory statement, qualified opinion or cannot give opinion or negative opinion to the Company's financial report, the board of directors of the Company has to explain the matters for causing the accountant issuing such report and the influence to the operation to the shareholders. If such matter directly influences the profit of that term, the board of directors of the Company shall based on the de minius principle determine the profit appropriation proposal or the budget for conversion of capital common reserve to capital.

If in a meeting a motion regarding the distribution of cash, bonus issue or additional paid-in capital is passed, the Company shall implement a detailed plan within two months from the day of the meeting.

Article 118 In the annual general meeting, the board of directors and supervisory committee shall provide a report of the previous year's business. Each independent director shall also report his duties.

Except relating to trade secrets and cannot be released at the general meeting, the directors, supervisors, and senior management shall reply or give explanation to queries and proposals made by shareholders.



Article 119 Each motion stated in the agenda shall be voted separately at the general meeting. No motion shall be postponed or not put to vote. Different motion for the same matter at annual general meeting shall be put to vote in accordance with the time of making motion for resolving the matter.

Article 120 Annual general meeting and extraordinary general meeting convened at the request of Requisitioning Shareholder or supervisory committee shall not use postal voting. Postal voting shall not be used for the following items at extraordinary general meeting:

- (1) increase or reduce registered capital of the Company;
- (2) issue of debentures of the Company;
- (3) merger, de-merger, dissolution and liquidation of the Company;
- (4) the amendment of the articles of association of the Company;
- (5) the profit distribution plan and the plan for making up accrued losses
- (6) the appointment and removal of members of board of directors and supervisory committee;
- (7) change the use of proceeds from issue of shares;
- (8) connected transaction which requires approval of general meeting;
- (9) acquisition or sale of assets which require approval of general meeting;
- (10) change firm of accountants;
- (11) other matters required by these Articles not to be voted by postal.

Article 121 When the general meeting examines matters in relation to connected transaction, the connected shareholders shall not participate in voting of the resolution. The shares representing his voting rights shall not be counted as part of the total of the valid voting shares. The public announcement of the resolution of general meeting shall fully disclose the votes of non-connected shareholders.

Save and except these Articles provides otherwise, such connected shareholder shall not vote for matters in relation to the connected transaction at general meeting. Furthermore under such circumstances, the representative of such connected shareholder cannot be representative of shareholders for counting the result of voting.

If the listing rules of the stock exchange(s) where the shares of the Company are listed require any shareholder to abstain from voting in respect of any resolution or issue considered at the general meeting, or to vote for or against only for a particular resolution or issue, the vote of any shareholder or his proxy who violates this requirement or restriction shall not be counted to the results of the voting, and the said shareholder(s) shall be counted in the quorum of the general meeting for considering the relevant resolution.

## **CHAPTER 10 SPECIAL VOTING PROCEDURES FOR CLASS SHAREHOLDERS**

Article 122 A holder of different classes of shares is a class shareholder.

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

(Mandatory Provision 78)

Article 123 Any proposal by the Company to vary or abrogate the rights of any class shareholder must, prior to its implementation, be approved by special resolution of a general meeting and by the affected holders of shares of that class at a separate meeting conducted in accordance with Articles 125 to 130.

(Mandatory Provision 79; SEHK Listing Rules Appendix 3-6(1))

Article 124 The following events shall be deemed to be a variation or abrogation of the rights of a class of shares:

- (1) an increase or reduction in the number of shares of such class, or an increase or reduction in the number of shares of a class having the same or preferential voting or distribution rights or other privileges as or to the shares of such class;
- (2) an exchange of all or part of the shares of such class for shares of another class, or an exchange of all or part of the shares of another class for the shares of such class or to a grant of a right to such conversion;
- (3) a removal or reduction of the rights to accrued dividends or the rights to cumulative dividends attached to such class of shares;

- (4) a reduction or removal of a preferential right to dividends or to a distribution of assets upon the liquidation of the Company attached to such class of shares;
- (5) an increase, removal or reduction of conversion privileges, options, voting rights, transfer rights or pre-emptive rights or rights to acquire securities of the Company which are attached to such class of shares;
- (6) a removal or reduction of rights attached to such class of shares to receive moneys payable by the Company in particular currencies;
- (7) a creation of a new class of shares having the same or preferential voting or distribution rights or other privileges as or to the shares of such class;
- (8) an imposition of or an increase in restrictions on the transfer or ownership of the shares of such class;
- (9) an issue of rights to subscribe for, or convert into, shares of such class or another class;
- (10) an increase of the rights or privileges of another class of shares;
- (11) the restructuring of the Company which results in different classes of shareholders bearing disproportionate responsibilities in such restructuring; and
- (12) the variation or abrogation of the provisions of this Chapter.

(Mandatory Provision 80; SEHK Listing Rules Appendix 3-6(1))

Article 125 Shareholders of an affected class, whether or not carrying the rights to vote at a general meeting, shall nevertheless be entitled to vote at class meetings in respect of matters concerning paragraphs (2) to (8), (11) and (12) of Article 124, but interested shareholder(s) shall have no voting rights at class meetings.

The meaning of the aforesaid “interested shareholder” is as follows:

- (1) in the case of a repurchase of shares by the Company by way of a general offer to shareholders in equal proportion or on a stock exchange through open trading in accordance with Article 35 of these Articles, an “interested shareholder” means the controlling shareholder as defined in Article 60;

- (2) in the case of a repurchase of shares by the Company by an off-market agreement outside a stock exchange in accordance with Article 35 of these Articles, an “interested shareholder” means the shareholder to which the proposed agreement relates; and
- (3) in the case of a restructuring proposal of the Company, an “interested shareholder” means a shareholder whose obligations will become disproportionately less than the obligations of other shareholders of the same class or a shareholder who has an interest different from the interests of the other shareholders of that class.

(Mandatory Provision 81)

- Article 126 (1) Resolutions of a class meeting shall be passed by the holders of more than two thirds or more of the total number of votes held by the shareholders of that class and who are permitted to vote at the class meeting under Article 125.

(Mandatory Provision 82)

- (2) For the purposes of the preceding paragraph, each shareholder present in person (or by proxy) shall unequivocally vote either in favour of or against each resolution in respect of which a vote is to be taken. Where a shareholder (or his proxy) abstains from voting or fails to exercise his vote in respect of any of the votes held by him, the number of such votes shall be disregarded in calculating the total number of votes held by shareholders at the class meeting in respect of the resolution under consideration.

- Article 127 When the Company convenes a class meeting, it shall give written notice at least 45 days prior to the date of the meeting and shall inform all the registered class shareholders of the matters proposed to be considered at the meeting and the date and place of that meeting. A shareholder proposing to attend the class meeting shall at least 20 days prior to the holding of the meeting deposit at the Company a written reply confirming his attendance.

If the number of shares carrying the rights to vote represented by the shareholders proposing to attend that meeting exceeds 50 per cent. of the total number of shares of that class carrying the rights to vote, then the Company may proceed to hold the class meeting; if that percentage is not exceeded, the Company shall within 5 days notify the shareholders again of the matters proposed to be considered at the meeting and the date and place of that meeting by way of public announcement. After such public announcement, the Company may proceed to hold the class meeting.

(Mandatory Provision 83)

Article 128 Notice of class meetings need only be served on shareholders entitled to vote thereat.

Class meetings shall be conducted in a manner as nearly as possible as that applicable to general meetings. The provisions of these Articles relating to the proceedings of general meetings shall apply to class meetings.

(Mandatory Provision 84)

Article 129 In addition to holders of other classes of shares, holders of domestic shares and holders of overseas listed foreign shares are deemed to be different classes of shareholders.

(Mandatory Provision 85; SEHK Listing Rules Appendix 3-9)

Article 130 The special voting procedures for class shareholders shall not apply to the following:

- (1) where the Company issues domestic shares or overseas listed foreign shares separately or concurrently in any 12 month period following the approval by a special resolution of a general meeting and the number of domestic shares and the number of overseas listed foreign shares to be issued does not exceed 20 per cent. of the number of the respective classes of shares already in issue;
- (2) the issue of domestic shares and overseas listed foreign shares pursuant to a plan adopted by the Company upon its establishment and which is completed within 15 months from the date of approval by the State Council Securities Commission.

(Mandatory Provision 85)

## CHAPTER 11 PARTY ORGANIZATION STRUCTURE OF THE COMPANY

Article 131 The Company shall establish a committee of the Communist Party of China of Anhui Expressway Company Limited (安徽皖通高速公路股份有限公司) (hereinafter referred to as the “**Party Committee**”).

Article 132 The Party Committee shall play a leading role and supervise implementation of the directional policies of the Party and the state throughout the Company, consider and discuss major operation and management matters of the Company. The Party Committee shall comply with state laws, support the shareholders’ general meeting, the Board of Directors, the supervisory committee and the general manager in exercising their power pursuant to laws. The Company shall adapt to the requirements of modern corporate system and market competition, follow the principles of management of officers and talents by the Party to establish a team of high-calibre officers and talents, strengthen the self-development of the Party Committee, play a leading role in the ideological and political work, the spiritual civilisation cultivation and the mass organizations such as the labour union and the Communist Youth League.

## CHAPTER 12 BOARD OF DIRECTORS

### Part I The powers, holding, voting and resolutions of the board of directors

Article 133 The Company shall establish a board of directors which shall consist of 9 directors. The board of directors shall have a chairman of the board, two deputy chairmen of the board and at least one-third shall be independent directors.

(Mandatory Provision 86)

The board of directors shall set up rules of proceedings of board of directors in accordance with the provisions of these Articles, and approved by the general meeting,, so as to ensure the working efficiency and the scientific decision of the board of directors.

The board of directors shall establish a stringent examination and policy-making process for the selection of foreign investment, acquisition and sale of assets, property mortgage, guarantee, finance management, and limitation on connected transactions. Significant investment projects must be appraised by a group of relevant experts and specialists, and be reported to shareholders in a general meeting for approval.

Article 134 Candidates for the first board of directors shall be nominated by the promoter and elected at the inaugural meeting of the Company. The term of office shall commence from the date of appointment of a person to the office of director.

Director who does not personally attend meeting and has not appoint any other directors to attend the meeting of the board of directors for him twice consecutively shall be deemed as a failure to perform his duty. The board of directors shall recommend the shareholders to remove such director.

Director may resign before the end of his term of office. Resigning director shall deliver written report of resignation to the board of directors. The board of directors shall disclose the relevant situation within 2 days. If the resignation of directors causing the number of directors below the statutory minimum number, the resigning director shall perform his duties as a director in accordance with the laws, administrative rules and regulations, department rules and regulations and these Articles until the appointment of a new director. Save and except the above situation, the resignation of a director takes effect on the date when written report of resignation is delivered to the board of directors. Upon the resignation taking effect or the end of the appointment term, a director shall complete all transfer procedure with the board of directors, a director's fiduciary duty towards the Company and its shareholders shall not cease at the end of the appointment term but shall continue to take effect within the period stipulated in these Articles.

In absence of a stipulation in these Articles or lawful authorisation by the board of directors, directors shall not act on behalf of the Company or the board of directors in his personal capacity. If a director acts in his personal capacity, and it is likely that a third party may assume that he is acting on behalf of the Company or the board of directors, the director must declare his capacity and identity.

Article 135 (1) All directors shall be elected by the general meeting and shall serve a term of 3 years. A retiring director is entitled to be re-elected to serve a consecutive term.

(Mandatory Provision 87; Opinion Letter on Supplemental Amendments 1-4)

Prior to the end of the a director's appointment term, a general meeting may not terminate the appointment of a director without reason.

A director's appointment term commence on the day of his appointment, until the expiry of the appointment term of the board of directors. If a new director has not been elected upon the end of the appointment term of a director, before a new director takes office, the outgoing director shall perform his duties as a director in accordance with the laws, administrative rules and regulations, department rules and regulations and these Articles.



Managers or other senior management may become a director at the same time. However, the total number of directors who also perform the duties of managers or senior management together with those directors who represent the labour union shall not exceed 50 per cent of the total number of directors.

- (2) The written notice of the intention to propose a candidate for election as director and the acceptance of proposal by the candidate shall be sent to the Company not less than 7 days of notification. The commencement date of the period of notification aforesaid shall not be earlier than the day immediately following the day of sending the notice of general meeting for considering the election of directors, and the expiry date of the period of notification aforesaid shall not be later than 7 days prior to the date of the relevant general meeting.
- (3) The chairman and deputy chairman shall be elected and dismissed by more than one half of the directors. The term of office of the chairman shall be 3 years and may upon the expiry of his term of office be re-elected to serve a consecutive term.
- (4) A director need not hold shares of the Company.
- (5) Subject to compliance with relevant laws and administrative regulations, a general meeting shall have power to remove by ordinary resolution any director (including a director who is the general manager or a holder of any other executive position of the Company) before the expiration of his term of office, but without prejudice to any claim for damages under any contract.

- (6) Directors shall carry out the following duties entrusted by the Company diligently in accordance with laws, administrative rules and regulations, and these Articles:
- (i) To exercise rights entrusted by the Company prudently, carefully and diligently, in order to ensure that the Company's business dealings comply with the law, administrative rules and regulations, and various economic policy requirements of the State, and that the business activity does not go beyond the scope stipulated in the business license;
  - (ii) To treat all shareholders fairly;
  - (iii) To understand and update themselves on the Company's condition of business and management;
  - (iv) To sign written confirmation and comment on the Company's regular report, and to ensure the truthfulness, accuracy, and completeness of information disclosed by the Company;
  - (v) To provide the supervisory committee with accurate information and the position and not to obstruct the supervisory committee or a supervisor from exercising their powers;
  - (vi) To perform all other duties stipulated under the law, administrative rules and regulations, department rules and regulations and these Articles.

Income obtained through the violation of these Articles by a director shall be returned to the Company and such director shall compensate the Company for any losses caused.

- Article 136 (1) The board of directors is accountable to the shareholders in general meeting and shall exercise the following functions and powers:
- (a) to convene general meetings and to report on its work at the general meetings;
  - (b) to implement resolutions of the general meetings;
  - (c) to decide on the business plans and investment proposals of the Company;
  - (d) to prepare the annual budget and final accounts of the Company;

- (e) to prepare proposals for profit distribution and for making up accrued losses of the Company;
- (f) to prepare proposals for the increase or reduction of share capital, the issue of bonds or other securities of the Company, and listing proposals;
- (g) to formulate proposals for the acquisition of the Company's shares, merger, demerger or dissolution of the Company;
- (h) to decide on the establishment of divisions for the internal management of the Company;
- (i) to appoint or dismiss the general manager of the Company or secretary of the board of directors and at the recommendation of the general manager, to appoint and dismiss deputy general managers, the financial controller, the general counsel and other senior officers of the Company, and to determine matters relating to their remuneration;
- (j) to determine the basic management system of the Company;
- (k) to prepare proposals for the amendment of these Articles;
- (l) to formulate proposals for major acquisitions or sales by the Company;
- (m) to manage disclosure of information of the Company;
- (n) to propose to the general meeting the appointment or change of the accounting firm which perform auditing for the Company;
- (o) to receive the working report of the general manager and examine the general manager's performance;
- (p) subject to compliance with the requirements of relevant laws, regulations, rules and the scope of authority delegated by shareholders in general meeting, to exercise the Company's powers to raise capital and to borrow money and to decide on the charging, letting, subcontracting or assignment of the Company's assets; and
- (q) other functions and powers conferred by general meetings and these Articles.

- (2) The affirmative votes of two thirds of the directors shall be required for the passing of any resolution in respect of items (f), (g), (k) and (l) above. The affirmative votes of one half of the directors shall be required for the passing of any resolution in respect of the other matters specified above.

(Mandatory Provision 88)

- Article 137
- (1) The board of directors shall not, without the prior approval of shareholders in general meeting, dispose or agree to dispose of any fixed assets of the Company if the aggregate of the expected value of the fixed assets proposed to be disposed of, and the consideration received by the Company on the disposal of fixed assets within the period of four months immediately preceding the proposed disposal, exceeds 33 per cent. of the value of the Company's fixed assets as shown in the last balance sheet placed before the general meeting.
  - (2) For the purposes of this Article, a disposal of fixed assets includes an act involving the transfer of an interest in certain assets but does not include the provision of security over fixed assets.
  - (3) The validity of a disposal of fixed assets by the Company shall not be affected by a breach of paragraph (1) of this Article.

(Mandatory Provision 89)

Article 138 Save as provided in Article 137, Save and except the following matters which shall be submitted to the Shareholders' meeting after the consideration and approval by the Board, the Board shall have the power to approve other projects and transactions:

(1) Substantial transactions

1. Where the total assets value involved in the transaction (where there is a book value and a estimated value, the higher shall be used) is more than 50% of the Company's latest audited total assets value;
2. Where the consideration of the transaction (including liabilities and fees assumed) is more than 50% of the Company's latest audited net assets value, and the absolute amount exceeds RMB 50,000,000;
3. Where the profit arising from the transaction is more than 50% of the Company's latest audited net profit, and the absolute amount exceeds RMB 5,000,000;
4. Where the operation income arising from the subject matter of the transaction (e.g. equity interest) in the latest financial year exceeds 50% of the Company's latest audited operation income, and the absolute amount exceeds RMB 50,000,000;
5. Where the net profit arising the subject matter of the transaction (e.g. equity interest) in the latest financial year exceeds 50% of the Company's latest audited net profit, and the absolute amount exceeds RMB 5,000,000.

Where any figures above involve a negative value, the absolute value thereof shall be used.

(2) Substantial connected transaction

1. Where the amount of the transaction entered into between the Company and a connected person (excluding the provision of guarantee by the Company, the receipt of cash assets by the Company by way of gift and any debts merely for the purpose of reducing the Company's liabilities, but including the setting up of any joint venture by Company and the connected person) exceeds RMB 30,000,000, and 5% of absolute value of the Company's latest audited net assets value;

2. Where the Company provides guarantee for a connected person, irrespective of the amount.
- (3) Matters prescribed in Article 62A of the Articles and other matters which require the consideration and approval of the Shareholders' meeting.

Article 138 A The giving of external guarantee by the Company shall comply with the following requirements:

- (1) The Company shall not offer guarantee in favour of its controlling shareholder, other connected parties with shareholding of less than 50% and any other non-legal person, entities or individual.
- (2) The aggregate amount of guarantee to external parties provided by the Company is less than 30% of the net asset value as reported in the consolidated financial statements of the latest financial year.
- (3) The Company shall not provide liability guarantee directly or indirectly to parties with a gearing ratio of not over 70%.
- (4) The cap amount of single guarantee or guarantee provided for single guarantee by the Company shall represent 10% of the net assets under the consolidated financial statement of the recent financial year.

The giving of external guarantee by the Company shall be approved by more than 2/3 of the board of directors.

The Company shall require the parties guaranteed to provide counter indemnity and the party providing the counter indemnity must possess actual performance ability.

Article 139 The chairman shall exercise the following functions and powers:

- (1) to preside at general meetings and to convene and preside at meetings of the board of directors;
- (2) to monitor the implementation of resolutions of the board of directors;
- (3) to sign certificates for securities issued by the Company;
- (4) to sign, or to appoint by power of attorney any one or more directors to sign, other important documents of the Company; and

(5) other functions and powers conferred by the board of directors.

The deputy chairman assists the chairman in his work. In the event of the chairman becoming unable to perform his functions, the deputy chairman may substitute for him. In the event of the chairman and the deputy chairman becoming unable to perform their functions, the chairman may nominate any one director to perform such functions in his place.

(Mandatory Provision 90)

Article 140 Meetings of the board of directors shall be held at least twice every year and shall be convened by the chairman. In the event of an urgent matter arising, extraordinary meetings of the board of directors may be convened upon the requisition by one third or more of the directors jointly or upon the proposal of the general manager.

(Mandatory Provision 91)

Article 141 Under one of the following conditions, the chairman of the board of directors shall summon an extraordinary meeting of directors within 10 days:

- (1) the chairman of the board of directors consider necessary;
- (2) recommended by at least one-third of directors jointly;
- (3) recommended by more than half of independent directors jointly;
- (4) recommended by the supervisory committee;
- (5) recommended by the general manager.

Article 142 (1) No notice shall be required to be given if the time and place of ordinary meetings of the board of directors have been fixed by the board of directors in advance. If the board of directors have not determined in advance the time and place of a meeting of the board of directors, the chairman shall instruct the secretary of the Company to notify all directors, the general manager and the chairman of the supervisory committee of the time and place of the board meeting by telex, telegram, facsimile, express delivery, registered mail or personal delivery not less than 10 days and not more than 30 days before such meeting.

- (2) If an urgent matter arises that requires an extraordinary meeting of the board of directors to be convened, the chairman shall instruct the secretary of the Company to notify all directors, the general manager and the chairman of the supervisory committee of the time and place of the board meeting by telex, telegram, facsimile or personal notification not less than 2 days and not more than 10 days before such meeting.
- (3) The notice shall be in Chinese and, where necessary, have attached thereto an English translation thereof and shall include the date, venue, agenda, reason, proposed resolutions and the date of notice of the meeting.
- (4) If a director has attended a meeting and has not prior to the meeting or at the time of his attendance protested that notice of the meeting had not been received, a notice shall be deemed to have been sent to him.

(Mandatory Provision 92)

Article 143 A meeting of the board of directors shall only be held if more than one half of the directors are present. Voting shall be conducted by name taking.

Each director shall have one vote. Subject to paragraph (2) of Article 136, resolutions of the board of directors shall be passed by one half or more of the directors.

In the case of an equality of votes, the chairman shall have a casting vote.

(Mandatory Provision 93)

Article 144 The directors may participate in any ordinary or extraordinary meeting of the board of directors by means of telephone or other communication devices, provided that such devices permit all persons participating in the meeting to hear the other persons clearly and to talk to or communicate with each other, and such directors shall be deemed to have attended the meeting in person.

Article 145 Conflict of interested director and voting procedure are as follows:

- (1) interested director shall not participate in voting and counting of votes;
- (2) interested director shall leave the venue before voting and return to the venue after the completion of counting of votes;



- (3) resolution of the board of directors on the connected transaction shall be passed by more than half of non-interested directors; If there are less than 3 non-interested directors in a board meeting, the matter shall be submitted for discussion at a general meeting;
- (4) If the interested director disagrees with the voting result, he may request the chairman of the meeting to conduct in reference to Article 93 of these Articles.

- Article 146
- (1) The directors shall attend the meeting of the board of directors in person. Any director who is unable to attend the meeting for any reason may appoint in writing another director to attend the meeting on his behalf. The letter of appointment shall set out the scope of authorisation.
  - (2) The appointed representative shall exercise the rights of a director within the scope of his authorisation. If a director fails to attend a meeting of the board of directors and has not appointed a representative to attend on his behalf, he shall be deemed to have waived his right to vote at that meeting.
  - (3) The appointed representative must himself be a director. When counting the quorum towards the meeting of the board of directors, the representative shall be counted towards the quorum separately in respect of himself and in respect of the director for whom he represents; he shall not be bound to cast all his votes in the same way. A director shall inform the Company in the event of a termination of the appointment of his representative.

(Mandatory Provision 94)

- Article 147
- The reasonable expenses incurred by the directors in attending board meetings shall be borne by the Company. These expenses include travelling expenses between the place of abode of the director and the place of meeting (if at a place different from the director's place of abode), accommodation and meal expenses, hiring charges for the venue of the board meeting and local travelling expenses during the period of board meeting.

Article 148 The board of directors shall cause minutes to be kept of decisions made in relation to matters considered at their meetings, and the minutes shall be signed by directors attending the meeting and the person recording the minutes. The minutes of the board of directors shall consist of the following:

- (1) the date and venue for the convention of meeting and name of person summoning the meeting;
- (2) the name of the director present and name of director (attorney) being appointed to attend on the other's behalf;
- (3) the agenda;
- (4) the main point of director's speech;
- (5) the voting result of each agenda and the result (the result shall state the number of votes for, against or abstain).

Directors shall assume responsibility for resolutions of the board of directors. Directors who participated in any resolution of the board of directors which contravenes any law, administrative regulations or these Articles and causes serious losses to the Company shall be liable to compensate the Company, but if it is proved that a director has stated his objection at the time the vote was taken and a record thereof has been made in the minutes of the meeting, that director shall be relieved of liability.

(Mandatory Provision 95)

Board minutes must be kept as file and record of the Company for a period of not less than 10 years.

Article 149 (1) Written resolutions signed by each and every director shall be valid and effective as if they had been passed at a meeting of board of directors duly convened. Such written resolutions may consist of several counterparts each signed by one or more directors. A resolution signed by a director and transmitted to the Company by post, facsimile or personal delivery and a resolution bearing the name of a director and transmitted to the Company by telegram or telex shall be deemed to be a document signed by him for the purposes of this Article.

- (2) The board of directors may from time to time establish committees or working groups, each of which shall comprise at least two directors. The board of directors may delegate certain of its powers, authorities and discretions to such committees or working groups. All such committees and working groups so formed shall act within their respective scope of delegation and conform to the regulations formulated from time to time by the board of directors. The board of directors may at any time dissolve such committees or working groups or vary its scope of delegation.
- (3) The quorum for the meeting of any committee or working group of the board of directors shall be two or one half of the members of such committee or working group, whichever is higher. Unless superseded by any regulations made by the board of directors under the preceding paragraph of this Article, Articles 142 to 148 and paragraph(1) of this Article regulating the meetings and proceedings of the board of directors shall apply mutatis mutandis to the meetings and proceedings of any such committee or working group.
- (4) The Company's board of directors shall explain to the general meeting on the non standard opinion on the financial report of the Company issued by the registered accounting firm.

Article 150 Unless otherwise resolved by the board of directors, a general manager who is not a director may attend meetings of the board of directors and is entitled to receive notice of and documents relevant to such meetings. But, unless the general manager is also a director, he shall not have the right to vote at meetings of the board of directors.

## **Part II Independent directors**

Article 151 The Company has independent directors. Independent director means a director who does not take any position of the Company except director, and he has not any relationship, which will bias his objective judgment, with the Company and the major shareholder of the Company.

At least one-third of the Board shall be independent directors, one of whom shall be a accounting professional.

Article 152 Independent directors of the Company shall have the following qualification:

- (1) the qualification being a company director in accordance with law, administrative regulation or other relevant regulation;
- (2) has the independence nature as required by these Articles and China Securities Regulatory Committee;
- (3) has the basic knowledge for operation of listed company, familiar with the relevant law, administrative regulation, requirement and regulation;
- (4) has more than 5 years experience in law, economic or other necessary working experience required for performance of duties of independent directors;
- (5) other requirements as prescribed by these Articles.

Article 153 The following person shall not be an independent director:

- (1) officer of the Company or related enterprises and his direct relatives and major social relative (direct relative means spouse, parent and children etc. Major social relative means brother and sister, parents in law, son in law, daughter in law, the spouse of the brother and sister and the brother and sister of the spouse, etc);
- (2) person directly or indirectly holds more than 1 % shares of the Company or the top 10 natural shareholders of the Company and their direct relatives;
- (3) corporate shareholder directly or indirectly holds more than 5% shares of the Company or person working at the unit of the top 5 corporate shareholders of the Company and their direct relatives;
- (4) person had the said 3 conditions for the last year;
- (5) person already acting as independent director for 5 (include 5) listed companies;
- (6) person provides financial, legal and consultancy service to the Company or its related enterprise;

- (7) other person as prescribed by these Articles;
- (8) other person as prescribed by China Securities Regulatory Committee or stock exchange on which the Company's shares are listed.

Article 154 Independent director owes the Company and all the shareholders fiduciary and diligent duties. Independent director shall, pursuant to requirements of the relevant law, regulation and Company's articles of association, seriously perform his duty and protect the interest of the Company in particular concern about the legal interest of the public shareholders not to be prejudiced. Independent directors shall perform duties independently and not to be influenced by the Company's major shareholder, beneficial owner or other unit or person with interest conflict with the Company. Independent director shall ensure he has sufficient time and energy to effectively perform the duty of independent director.

Article 155 The board of directors of the Company, supervisory committee and shareholder singly or jointly holding more than 1% shares of the Company may nominate the candidate for independent director which shall be elected by the general meeting.

Article 156 The nominator of the independent director shall obtain the prior consent of the nominee. The nominator shall fully understand the occupation, education, title, detail working experience and all part-time job etc. of the nominee. The nominator shall opine on the qualification of the candidate to be an independent director and his independence. The nominee shall make statement that he does not has any relationship with the Company which will affect his independent objective judgment.

Article 157 Each term of independent director will be the same as the other directors. Upon the completion of the term, he is eligible to be re-elected but the term shall not be more than 6 years.

Article 158 Independent directors have not personally attended meeting of directors thrice consecutively, the board of directors shall recommend the shareholders to remove such independent director.

Save as stated above and the provisions of the Company Law provides for the conditions when an independent director shall not be an independent director, independent director shall not be removed before the expiry of his term. The Company shall disclose the removal as a special disclosure matter.

Article 159 Independent director may resign before the expiry of the term. Independent director shall deliver his written notice of resignation to the board of directors, he shall make a statement on any conditions related to his resignation or conditions, which he considers, shall be alerted to the shareholder and creditor of the Company.

If the resignation of the independent director cause the number of independent director or the Board to fall below the minimum number as prescribed by the statutory requirement or the Company's Articles, prior to the filling of such vacancy, the independent directors shall fulfill their duties in accordance with the provisions of the legislation, administrative regulation and this Articles. The Board shall convene general meeting for appointment of independent directors within two months. If the Company fails to convene general meeting within the said prescribed time limit, independent directors may cease to fulfill their obligations.

Article 160 Apart from having the power stipulated under the Company Law and other relevant law and regulation, an independent director shall also have the following special powers:

- (1) connected transaction proposed to be made by the Company with a connected person with an amount exceeding RMB 3,000,000 or 5% of the Company's latest audited net assets value should be approved by the independent Directors; before giving their opinion, the independent Directors can appoint intermediate bodies to issue an independent financial report and rely on that report to form the basis of their opinions;
- (2) recommend to the board of directors on appointment or removal of a firm of accountant;
- (3) recommend the board of directors to summon extraordinary general meeting;
- (4) recommend the convention of meeting of the board of directors;
- (5) independently appoint external audit institution and consultancy organization;

- (6) may publicly collect voting rights from shareholder before the convention of the general meeting.

Upon consent of more than half of the independent directors, independent director may exercise the aforesaid power.

Upon unanimous consent of all the independent directors, independent directors may independently retain external auditor and advisory institution to audit and to advise on the affairs of the Company.

Article 161 Apart from carrying out the aforesaid duties, Independent directors shall make independent opinion to the board of directors or shareholders for the following major matters:

- (1) nomination, appointment and removal of director;
- (2) appointment or removal of senior management officer;
- (3) the remuneration of company director and senior management officer;
- (4) to give independent opinions on substantial connected transactions prescribed by Article 138 between the Company and the Shareholders, ultimate controllers of the Company and their connected enterprises, and whether the Company shall take effective measures to recover the outstanding loan;
- (5) matter which the independent directors consider will prejudice the minority interest;
- (6) other matters as prescribed by the articles of association of the Company.

Independent directors shall express the following kinds of opinion for the above mentioned matters: agree, qualified opinion and with reason, against and with reason, cannot give an opinion and its obstacles.

Article 162 To ensure the independent director can effectively perform his duty, the Company shall provide all the necessary conditions to the independent director:

- (1) The Company shall guarantee the independent director has the same right of knowledge as the other director. The Company shall inform the independent director, matters determined by the board of directors, prior in accordance with statutory time requirement and provide sufficient information at the same time. Independent director may request for supplemental information if he considers the information is not sufficient. When two or more than two directors consider the information is not sufficient or the argument is not clear, they can jointly, by written, request the board of directors to postpone the convention of meeting of the board of directors or delaying the discussion of the matter. The board of directors shall accept. The information supplied by the Company to the independent director shall be kept by the Company and the independent director for 5 years.
- (2) The Company shall provide the independent directors with all necessary conditions for performance of their duties. The secretary of the board of directors shall actively provide assistance, e.g. introduction of the situation and supply of material etc, to the independent director.
- (3) When the independent director performs his duty, the relevant officer of the Company shall be actively co-operative and cannot reject, obstruct or conceal, nor interfere with the exercise of powers by the independent director.
- (4) The fee for appointment of intermediary institution by the independent director and other expenses incurred for performance of duty shall be borne by the Company.
- (5) The Company shall give the independent director an appropriate allowance. The standard of allowance will be determined by the board of directors and approved by general meeting. Save and except the allowance mentioned above, the independent director shall not obtain any additional benefit without disclosure from the Company and its major shareholder of any institution or person with interest relationship conflict with the Company.



- (6) The Company may establish the necessary liability insurance system for independent director so as to reduce the risk arised for the ordinary performance of duty.

Independent director owes a duty of confidentiality to the Company and the shareholders. He shall not provide information obtained by him to any person. Upon the exercise of power, independent director shall play due regard to the interest of the Company and the shareholders of the Company. Independent director shall not use the information to obtain or intend to obtain any benefit.

Article 162A Independent director shall attend the board meeting on time and understand the manufacture and operation condition of the Company. Independent director shall take initiation to investigate and obtain all the necessary information and material for making decision. Independent director shall submit annual report, stating their fulfillment of duties, of independent directors to the shareholders at the annual general meeting.

Article 162B The Company shall set up working procedure for independent directors. The Secretary shall actively facilitate the independent directors to fulfill their duties. The Company shall ensure that the independent directors shall share the same information rights of the other directors. The Company shall supply the relevant information and materials to the independent directors on a timely basis and report the Company's operation condition regularly to the independent directors, if necessary, the Company may set up field inspection by the independent directors.

### **Part III Special Committees of the board of directors**

Article 163 The board of directors may pursuant to the relevant resolution of general meeting establish strategic, audit, nomination, remuneration and assessment committees. All the members of the committee will be directors. The number of independent directors shall be more than that of non- independent directors audit committee, nomination committee, remuneration and assessment committee and the independent director shall be the convener. At lease one of the independent director of the audit committee shall be a professional accountant.

The Board of Directors can employ honorary chairman and senior consultant in the light of needs. The honorary chairman can attend the Board meeting and raise advises and questions for the Company's major operations. The Board of Directors determines the remuneration of honorary chairman and senior consultant.

Article 164 The main responsibility of strategic committee is to study the long term development strategy and major investment strategy of the Company.

Article 165 The main responsibility of audit committee is:

- (1) nomination of the appointment or the change of external audit institution;
- (2) supervise the internal auditing system of the Company and its implementation;
- (3) responsible for the communication between the internal audit and external audit;
- (4) examine the financial information of the Company and its disclosure;
- (5) examine the internal control and risk management systems of the Company.

Article 166 The main responsibility of the nomination committee is:

- (1) study the selection basis and procedure of director and manager and make suggestions;
- (2) generally collect qualified candidate for director and manager;
- (3) examine the candidate of director and manager and make suggestions;

Article 167 The main responsibility of the remuneration and assessment committee is:

- (1) study the assessment basis of director and manager, carry out assessment and make suggestions;
- (2) study and examine the remuneration policy and method of director and senior management officer.

Article 168 Each committee may appoint intermediary institution for provision of professional opinion and the relevant costs shall be borne by the Company.

Article 169 Each committee shall be accountable to the board of directors and motions of each committee shall be submitted to the board of directors for review and decision.

**CHAPTER 13 SECRETARY TO THE BOARD OF  
DIRECTORS OF THE COMPANY**

Article 170 The Company has a secretary to the board of directors of the Company (the “company secretary”). The company secretary is an officer of the Company, who shall be responsible for the preparation of general meetings and board of directors’ meetings, documents custody and management of the Company shareholders’ information, handling of disclosure of news, etc.

(Mandatory Provision 96)

The secretary of the Company shall be nominated by the chairman of the board of directors, and be appointed and removed by the board of directors.

Article 171 The company secretary shall be a natural person who has the requisite professional knowledge and experience and shall be appointed and dismissed by the board of directors. The primary responsibilities of the company secretary are:

- (1) to ensure that the documentation and records of the Company are complete;
- (2) to ensure that the Company prepares and submits to competent authorities (including without limitation the administration of industry and commerce authority) all necessary reports and documents required by law;
- (3) to ensure that the Company’s register of shareholders is properly established and that the Company furnishes to persons entitled thereto all relevant records and documents of the Company; and
- (4) to discharge the obligations of a company secretary according to law and these Articles (including the reasonable requests of the board of directors).

The Company shall actively set up a comprehensive investor relationship management system whereby utilizing of various means to enhance the exchange and communication with the shareholders, in particular the public shareholders. The Secretary shall be responsible for managing the Company’s investor relationship works

(Mandatory Provision 97)

Article 172 A director or other officer (other than a supervisor) of the Company may concurrently act as company secretary. An accountant of a firm of accountants retained by the Company shall not concurrently act as company secretary.

Where a director also holds the office of company secretary and if an act is required to be done by a director and the company secretary separately, then that director holding the office of company secretary may not perform the act in his dual capacity.

(Mandatory Provision 98)

Article 173 The office of company secretary may be held by one or two natural persons. If two persons are jointly appointed, the duties of the company secretary shall be borne by them jointly. However, any one of them is entitled to act alone in the exercise of all the powers of the company secretary.

**CHAPTER 14 GENERAL MANAGER**

Article 174 The Company shall have one general manager who shall be appointed and dismissed by the board of directors.

(Mandatory Provision 99)

The Company shall have several deputy general managers, one financial controller and one general counsel. The deputy general managers, the financial controller and the general counsel shall be nominated by the general manager and appointed and dismissed by the board of directors.

The deputy general managers, the financial controller and the general counsel shall assist the general manager in his work and shall be accountable to the general manager.

The general manager, deputy general managers, the financial controller and the general counsel of the Company may resign before the expiry of the term of office. The detailed procedure and method for the resignation shall be governed by the employment contract between such officer and the Company.

Article 175 The general manager shall be accountable to the board of directors and shall exercise the following functions and powers:

- (1) to take charge of the production, operations and management of the Company and to organize the implementation of resolutions of the board of directors;

- (2) to organize the implementation of the annual business plan and investment proposals of the Company;
- (3) to formulate plans for the establishment of the internal management structure of the Company;
- (4) to formulate the basic management system of the Company;
- (5) to establish the basic administration rules and regulations of the Company;
- (6) to recommend the appointment and dismissal of deputy general managers, the financial controller and the general counsel;
- (7) to appoint and dismiss officers other than those required to be appointed or dismissed by the board of directors;

(Mandatory Provision 100)

- (8) to convene and chair meetings of the general manager's office personally (or to appoint a deputy general manager to do so); meetings of the general manager's office shall be attended by the general manager, deputy general managers and other officers;
- (9) to determine the grant or imposition of any awards or penalties, promotion or demotion, increase or reduction in salaries and wages, appointment, employment, dismissal and resignation of and other matters relating to the staff and workers of the Company; and
- (10) other functions and powers conferred by these Articles and the board of directors.

(Mandatory Provision 100)

Article 176 The general manager of the Company shall set up the working rules of the general manager, which will be implemented after reporting to the board of directors. The working rules of the general manager shall include the following content:

- (1) the condition for summoning of meeting of general manager, the procedure and the person attending the meeting;
- (2) the job responsibility and distribution of work of general manager, deputy general manager and the other officer;

- (3) the power for use of the assets and fund of the Company and the execution of major contract and the reporting system to the board of directors and supervisory committee;
- (4) other matters as the board of directors consider necessary.

Article 177 The general manager shall attend meetings of the board of directors. A general manager who is not a director shall not be entitled to vote at the meetings of the board of directors.

(Mandatory Provision 101)

Article 178 The general manager and deputy general managers shall, in exercising their respective functions and powers, comply with law, administrative regulations and these Articles, and shall act in accordance with their respective fiduciary duties and the duty to act diligently.

(Mandatory Provision 102)

Article 179 The general manager and deputy general managers shall not, in performing their respective functions, vary any resolution passed by the shareholders in general meeting and the board of directors or exceed their respective scope of functions or powers.

## **CHAPTER 15 SUPERVISORY COMMITTEE**

Article 180 The Company shall have a supervisory committee.

(Mandatory Provision 103)

Supervisory committee shall set up rules of proceedings of supervisory committee in accordance with the provisions of these Articles, and approved by the general meeting, so as to ensure the working efficiency and the scientific decision of the supervisory committee.

Article 181 The supervisory committee shall consist of 3 supervisors, one of whom shall be the chairman of the supervisory committee. The supervisors shall be appointed for a term of three years and may be re-elected to serve consecutive terms.

The appointment and removal of the chairman of the supervisory committee shall be decided by two thirds or more of the supervisors.

(Mandatory Provision 104; Opinion Letter on Supplemental Amendments 1-5)

Article 182 The supervisory committee shall be composed of two representatives of shareholders and one representative of employees. The representatives of shareholders shall be elected and removed by the shareholders in general meeting and the representative of employees shall be elected and removed by the employees of the Company on a democratic basis.

(Mandatory Provision 105)

Article 183 A supervisor shall not concurrently hold the office of director, general manager or other officer of the Company (including without limitation the office of financial controller of the Company).

(Mandatory Provision 106)

Article 184 The supervisory committee shall meet at least once every 6 months, a supervisor may propose to convene an extraordinary supervisory meeting. The supervisory meeting shall be convened by the chairman of the supervisory committee, if the chairman of the supervisory committee is unable or fails to carry out his duties, over half of the supervisors may elect a supervisor to convene and chair the supervisory meeting.

(Mandatory Provision 107)

The notice of supervisory meeting shall include the following: date, venue, duration, reason and proposed resolution, and the date of notice of the meeting.

Article 185 The supervisory committee shall be accountable to the general meeting and shall exercise the following functions and powers in accordance with law:

- (1) to examine and provide written comments on the Company’s periodical report compiled by the board of directors;
- (2) to examine the Company’s financial affairs;

- (3) to monitor the performance of duties of the directors, general manager and other senior officers and to propose the removal of directors or senior officers who have acted in contravention of law, administrative regulations, these Articles and resolutions passed at general meetings;
- (4) if the conduct of a director, general manager or other officers is prejudicial to the interests of the Company, to require him to rectify such conduct;
- (5) to examine financial information such as financial reports, business reports and profit distribution proposals which the board of directors proposes to submit to the general meeting and, in case of doubt, to appoint on behalf of the Company a registered accountant or practising auditor to assist in the review;
- (6) to propose the convening of extraordinary general meetings, when a board of directors does not perform the duties of convening and chairing a meeting under the Company Law;
- (7) to represent the Company in negotiating with the directors, senior officers or to institute proceedings against the directors or senior officers;
- (8) to raise a motion in a general meeting
- (9) other functions and powers specified in these Articles.

Supervisors may attend meetings of the board of directors and raise queries or make proposals in a board meeting.

(Mandatory Provision 108)

- Article 186
- (1) A meeting of the supervisory committee shall only be held if all the supervisors are present. If special circumstances arise which require the holding of an extraordinary meeting of the supervisory committee, then if some supervisors are outside the territory of the PRC, the quorum for such a meeting of the supervisory committee shall be two thirds of the supervisors.
  - (2) Resolutions of the supervisory committee shall be passed by the affirmative votes of two thirds or more of the supervisors. (Mandatory Provision 109; SEHK Listing Rules Appendix 13-1d; Opinion Letter on Supplemental Amendments 1-6)



The supervisory committee shall record in the minute book decision on matters discussed, supervisors who attended the meeting shall sign on the attendance book. A supervisor is entitled to request for some descriptive record to be made with regard to his speech in the meeting. The supervisory committee meeting minutes shall be kept for at least 10 years.

Article 187 All reasonable expenses incurred in respect of the employment of professionals such as lawyers, registered accountants and practising auditors as are required by the supervisory committee in the discharge of its duties shall be borne by the Company.

(Mandatory Provision 110)

The reasonable expenses incurred by the supervisors in attending meetings of the supervisory committee shall be borne by the Company. These expenses include travelling expenses between the place of abode of the supervisor and the place of meeting (if at a place different from the supervisor's place of abode), accommodation and meal expenses, hiring charges for the venue of the committee meeting and local travelling expenses during the period of meeting of the supervisory committee.

Article 188 Supervisors shall comply with the law, administrative rules and the Articles and shall be obliged to be faithful and diligent towards to Company. Supervisors shall not make use of their position in the Company to take bribes or obtain other illegal income and shall not take possession of properties of the Company.

(Mandatory Provision 111)

If re-election of a supervisor has not taken place prior to the end of the appointment term, or a supervisor has resigned during his appointment term resulting in the supervisory committee members to be less than quorum, before the re-elected supervisor takes office, the outgoing supervisor shall nevertheless perform his duties as a supervisor in accordance with the law, administrative rules and these Articles. If a supervisor fails to attend a supervisory committee meeting in person twice consecutively, he shall be regarded as unable to fulfill his responsibility. The general meeting or labour union meeting shall cause him to be replaced.

A supervisor shall ensure that information disclosed by the Company is truthful, accurate and complete.

A supervisor shall not use its connections and relations to harm the interests of the Company. If the Company suffers any loss therefrom, the supervisor shall be responsible for compensation.

If a supervisor violates the law, administrative rules and regulations, department rules and regulations or these Articles when carrying out his duties, the supervisor shall be responsible for compensation to the loss suffered by the Company as a result of the violation.

**CHAPTER 16 QUALIFICATIONS AND OBLIGATIONS  
OF DIRECTORS, SUPERVISORS, GENERAL MANAGER  
AND OFFICERS OF THE COMPANY**

Article 189 A person shall be disqualified from being a director, supervisor, general manager or officer of the Company in each of the following circumstances:

- (1) a person who suffers from any incapacity or restricted capacity from undertaking civil liabilities;
- (2) a person who has been convicted of and sentenced for offences relating to corruption, bribery, trespass to assets, misappropriation of assets or causing social economic disorder or who has been deprived of his political rights as a result of him having committed an offence and, in each case, a period of 5 years has not elapsed since the completion of the term of the sentence or deprivation;
- (3) a person who was a director or factory manager or general manager of a company or enterprise which had become insolvent and liquidated because of unsound management and who incurred personal liability for the insolvency of that company or enterprise, and a period of 3 years has not elapsed since the date of completion of insolvent liquidation of that company or enterprise;
- (4) a person who was a legal representative of a company or enterprise, the business licence of which was revoked on the grounds of contravention of law, and who incurred personal liability therefor, and a period of 3 years has not elapsed since the date of revocation of the business licence of that company or enterprise;

- (5) a person who has failed to repay his relatively large debts when due;
- (6) a person who, because of suspected contravention of criminal law, is under investigation by judicial authorities and the case has not yet been settled, or a person who is prohibited from entering into the China stock market as a punishment;
- (7) a person who is not eligible for enterprise leadership under PRC law or administrative regulations;
- (8) a person who is not a natural person;
- (9) a person who has been convicted by the relevant regulatory authority of having contravened the provisions of relevant securities regulations and which involves fraudulent or dishonest acts on his part and a period of 5 years has not elapsed since the date of his conviction; (Mandatory Provision 112)
- (10) unless permitted by law or administrative regulations, any civil servant of the PRC.

Article 190 The validity of an act of a director or general manager or other officer on behalf of the Company vis-a-vis a bona fide third party shall not be affected by any irregularity in his appointment, election or any defect in his qualification.

Article 191 In addition to obligations imposed by law, administrative regulations or by the rules of the stock exchange(s) on which shares of the Company are listed, each director, supervisor, general manager and other officer when exercising the powers conferred upon him by the Company owes to each of the shareholders the following obligations:

- (1) not to cause the Company to exceed the scope of operations stipulated in its business licence;
- (2) to act honestly in what he considers to be in the best interests of the Company;
- (3) not to take in any manner the Company's property, including (without limitation) opportunities beneficial to the Company; and

- (4) not to expropriate the personal rights of shareholders, including (without limitation) rights to distribution and voting rights, but not including a proposed restructuring of the Company submitted to and approved by the general meeting in accordance with these Articles.

(Mandatory Provision 114)

Article 192 Each director, supervisor, general manager and other officer is under the duty, in the exercise of his powers and the discharge of his obligations, to exercise such care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(Mandatory Provision 115)

Article 193 Each director, supervisor, general manager and other officer is under the duty, in the performance of his official functions, to observe his fiduciary duties and not to place himself in a position where his own interests may be in conflict with any obligations assumed by him. This principle includes (but is not limited to) the discharge of the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his powers and not to act beyond such scope;
- (3) to exercise personally the discretion vested in him and not to allow himself to act under the direction of another person and, unless and to the extent permitted by law or administrative regulations or with the informed consent of shareholders given in general meeting, not to transfer the exercise of his discretion to others;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except otherwise provided for in these Articles or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders given in general meeting, not to use in any manner the Company's property for his own benefit;
- (7) not to exploit his official powers to accept bribes or other unlawful income, and not to expropriate in any manner the Company's property including (without limitation) opportunities beneficial to the Company;

- (8) without the informed consent of shareholders given in general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to comply with these Articles, to perform honestly his duties and protect the interests of the Company and not to exploit his position and official powers to advance his own private interests;
- (10) without the informed consent of shareholders in general meeting, not to compete with the Company in any manner;
- (11) not to misappropriate the Company's funds or to advance such funds to any other person, not to open in his own name or in another person's name any bank account for the purpose of depositing any of the Company's assets, and not to use the Company's assets to provide any security for any debt of any shareholder of the Company or any other individual(s);
- (12) without the informed consent of the shareholders in general meeting, not to disclose any confidential information related to the Company acquired by him during the term of his office; not to use such information other than for the purpose of furthering the interests of the Company; provided that he may disclose such information to a court or other governmental regulatory authorities in the following circumstances, that is to say, if:
  - (i) required by law;
  - (ii) required in the interests of the public;
  - (iii) required in the interests of such director, supervisor, general manager or other officer.

(Mandatory Provision 116)

Article 194 In accordance with his fiduciary duties, a director, supervisor, general manager or other officer of the Company shall not cause the following persons or organisations (the "connected persons") to undertake any activity which the director, supervisor, general manager or other officer is prohibited from undertaking:

- (1) the spouse or minor child of that director, supervisor, general manager or other officer;

- (2) a person acting in the capacity of trustee of that director, supervisor, general manager or other officer or any person referred to in paragraph (1) above;
- (3) a person acting in the capacity of partner of that director, supervisor, general manager or other officer or any person referred to in paragraphs (1) or (2) above;
- (4) a company over which that director, supervisor, general manager or other officer, alone has de facto control or a company over which the persons referred to in paragraphs (1), (2) or (3) above or other directors, supervisors, general managers or officers of the Company, together with that director, supervisor, general manager or other officer have de facto control; or
- (5) a director, supervisor, general manager or other officer of a company referred to in paragraph (4) above.

(Mandatory Provision 117)

Article 195 The fiduciary duties of a director, supervisor, general manager or other officer do not necessarily cease upon the termination of his term of office. The duty of confidence in relation to trade secrets of the Company survives the termination of his term of office. Other duties may continue for such period as fairness may require depending on the time elapsed between the termination of his term of office and the occurrence of the relevant event and the circumstances and terms under which his relationship with the Company was terminated.

(Mandatory Provision 118)

Article 196 Except in the circumstances set out in Article 59 of these Articles, a director, supervisor, general manager or other officer of the Company may be relieved of his liability for specific breaches of his duties by the informed consent of shareholders in general meeting.

(Mandatory Provision 119)

Article 197 If a director, supervisor, general manager or other officer of the Company has, directly or indirectly, a material interest in a contract, transaction or arrangement entered into or proposed to be entered into with the Company (other than a contract of service between the Company and the director, supervisor, general manager or other officer), he shall declare the nature and extent of his interest to the board of directors as soon as possible, whether or not the relevant matter is normally subject to the approval of the board of directors.

Unless the interested director, supervisor, general manager or other officer has disclosed his interests to the board of directors in accordance with the foregoing paragraph of this Article and that matter has been approved by the board of directors at a meeting in which he has not been counted in the quorum and has refrained from voting, the Company may rescind that contract, transaction or arrangement except as against a bona fide party thereto acting without notice of the breach of duty by that director, supervisor, general manager or other officer.

If a connected person of a director, supervisor, general manager or other officer of the Company is interested in a contract, transaction or arrangement, that director, supervisor, general manager or other officer shall also be deemed interested therein.

“Relevant parties” referred in Article 197 and Article 194 shall include the “associates” within the meaning of the listing rules of The Stock Exchange of Hong Kong; interested directors shall not be counted in the quorum, nor exercise the voting right at the board meeting for considering to approve the relevant issues or proposals.

(Mandatory Provision 120; SEHK Listing Rules Appendix 3-4(1))

Article 198 If a director, supervisor, general manager or other officer of the Company, before the entering into of the relevant contract, transaction or arrangement is first considered, gives to the board of directors a notice in writing, stating that by reason of the matters specified in the notice, he is interested in the contract, transaction or arrangement proposed to be entered into with the Company, then the relevant director, supervisor, general manager or officer shall be deemed to have made a disclosure under Article 197 to the extent of the matters set out in that notice.

(Mandatory Provision 121)

Article 199 The Company shall not in any manner pay taxes for or on behalf of a director, supervisor, general manager or other officer of the Company.

(Mandatory Provision 122)

Article 200 The Company shall not directly or indirectly make a loan or provide a guarantee for a loan to its director, supervisor, general manager or other officer or a director, supervisor, general manager or other officer of its holding company; and the Company shall not make a loan to or provide any guarantee for a loan made to a connected person of the aforesaid persons.

The foregoing provisions shall not apply to the following circumstances:

- (i) the provision of a loan or a guarantee for a loan by the Company to its subsidiary;
- (ii) the provision by the Company to its director, supervisor, general manager or other officer under a contract of service approved by the shareholders in general meeting of a loan or a guarantee for a loan or other funds to meet expenditure incurred by him for the purposes of the Company or for the purposes of enabling him to perform his official duties;
- (iii) where the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may make a loan to or provide a guarantee for a loan to the relevant director, supervisor, general manager or other officer or the connected persons of the same provided that the terms of the loan or guarantee for a loan are normal commercial terms.

(Mandatory Provision 123)



Article 201 A loan made by the Company in breach of the preceding Article shall be repayable forthwith by the recipient of the loan regardless of the terms of the loan.

(Mandatory Provision 124)

Article 202 A guarantee provided by the Company in breach of the first paragraph of Article 200 shall not be enforceable against the Company, except in the following circumstances:

- (i) the lender was not aware of the circumstances at the time the loan was advanced to the connected person of a director, supervisor, general manager or other officer of the Company or its holding company;
- (ii) the security provided by the Company has been lawfully sold by the lender to a bona fide purchaser.

(Mandatory Provision 125)

Article 203 For the purposes of the foregoing Articles of this Chapter, a “guarantee” includes the undertaking of obligations and the provision of security over property by the guarantor to secure the obligor’s performance of obligations.

(Mandatory Provision 126)

Article 204 Apart from any rights and remedies provided by law and administrative regulations, where a director, supervisor, general manager or other officer of the Company is in breach of his obligations to the Company, the Company has a right to take the following measures:

- (1) to claim damages from that director, supervisor, general manager or other officer in compensation for losses sustained by the Company as a result of such breach;
- (2) to rescind any contract or transaction entered into by the Company with that director, supervisor, general manager or other officer or by the Company with a third party (where such third party knew or should have known that such director, supervisor, general manager or other officer representing the Company was in breach of his obligations towards the Company);

- (3) to require that director, supervisor, general manager or other officer to account for the benefits obtained as a result of his breach of obligations;
- (4) to recover any moneys received by that director, supervisor, general manager or other officer which should have been received by the Company, including (without limitation) commissions;
- (5) to demand payment from that director, supervisor, general manager or other officer of the interest earned or which may have been earned on moneys that should have been paid to the Company; and

(Mandatory Provision 127)

- (6) to institute legal proceedings for a declaration that the property acquired by that director, supervisor, general manager or other officer in breach of his obligations belongs to the Company.

Article 205 The Company shall, with the prior approval of the shareholders in general meeting, enter into a contract in writing with each director or supervisor of the Company in respect of his remuneration. The aforesaid remuneration shall include:

- (1) remuneration in respect of his service as director, supervisor or officer of the Company;
- (2) remuneration in respect of his service as director, supervisor or officer of any subsidiary of the Company;
- (3) remuneration in respect of other services provided in connection with the management of the affairs of the Company and its subsidiaries;
- (4) moneys payable as compensation for loss of office or as consideration for retirement from office of that director or supervisor.

Except pursuant to a contract entered into in accordance with the foregoing provisions, a director or supervisor shall not institute proceedings against the Company for any benefit due to him in respect of the matters specified above.

(Mandatory Provision 128)

Article 206 The contract entered into between the Company and its director or supervisor shall stipulate that when the Company is being taken over, that director and supervisor is entitled, subject to the informed consent of the shareholders in general meeting being obtained, to receive compensation or other payment by reason of his loss of office or retirement. The foregoing reference to a takeover of the Company is to any of the following circumstances:

- (i) a takeover an offer-made by any person to all shareholders of the Company; or
- (ii) a takeover an offer-made by any person, the purpose of which is for the offeror to become the controlling shareholder within the meaning of Article 60.

If the relevant director or supervisor does not comply with the provisions stipulated in this Article, then any moneys received by him shall belong to those persons who have sold their shares through an acceptance of that offer, and the expenses incurred in making a pro rata distribution of such moneys shall be borne by that director or supervisor and shall not be deducted from those moneys.

(Mandatory Provision 129)

## **CHAPTER 17 FINANCIAL AND ACCOUNTING SYSTEM**

Article 207 The Company shall formulate its financial accounting system in accordance with relevant requirements of law, administrative regulations and PRC accounting principles formulated by the financial regulatory authority of the State Council.

(Mandatory Provision 130)

The Company uses internal auditing system with professional auditor to supervise the internal audit of the financial income and expenditure of the Company and the economic activities. The job responsibility of the Company's internal auditing system and auditor shall be implemented after the approval of the board of directors. The person in charge of the audit shall account to the board of directors and report the work to the board of directors.

Article 208 The Company shall prepare a financial report at the end of every financial year and shall cause it to be audited in accordance with law.

(Mandatory Provision 131)

The Company shall submit an annual financial report to the China Securities Regulatory Commission and stock exchange within 4 months from the end of every financial year of the Company. The Company shall submit a bi-annual financial report to local agent of the China Securities Regulatory Commission and stock exchange within 2 months from the end of the first 6 months of each financial year. The Company shall submit a quarterly financial report within 1 month from the end of the first 3 months and the end of the first 9 months of each financial year.

The abovementioned financial report must be made according to the law, administrative rules and regulations, and department rules and regulations.

Article 209 The Gregorian calendar year shall be adopted as the financial year of the Company; the financial year of the Company shall accordingly, commence from 1 January and end on 31 December of each year.

Article 210 The Company maintains its accounts in the Renminbi currency. All accounts shall be written in Chinese.

Article 211 The board of directors shall place before the shareholders at every annual general meeting a financial report prepared by the Company as required by relevant law, administrative regulations or normative documents promulgated by the regional government and regulatory authorities.

(Mandatory Provision 132)

Article 212 The financial report of the Company shall be made available at the legal address of the Company 20 days prior to the holding of the annual general meeting of the Company for inspection by shareholders. Every shareholder of the Company shall have the right to obtain the financial report referred to in this Chapter.

(Mandatory Provision 133; SEHK Listing Rules Appendix 3-5)

A printed copy of the aforesaid financial report and the report of the board of directors together with a balance sheet and profit and loss account or income and expenditure account of the Company shall, not less than 21 days before the date of the annual general meeting, be sent by prepaid post by the Company to every shareholder. The address of the recipient shall be the registered address entered in the register of shareholders.

(Opinion Letter on Supplemental Amendments 1-7)

Article 213 The financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations and, in addition thereto, shall also be in accordance with either the International Accounting Standards or the accounting standards of the overseas territory where the Company is listed. Where there are material differences between the financial statements prepared in accordance with the two accounting standards as aforesaid, then such differences shall be specified in the notes to those financial statements. For the purposes of distributing the profits after tax of the Company in respect of the relevant financial year, the lower amount of the profits after tax stated in the two sets of financial statements as aforesaid shall be taken to be the amount of the profits after tax.

(Mandatory Provision 134)

Article 214 Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations and also in accordance with either the International Accounting Standards or the accounting standards of the overseas territory where the Company is listed.

(Mandatory Provision 135)

Article 215 The Company shall published its financial report twice in every financial year. The interim report shall be published within 60 days after the end of the first six months of the financial year, and the annual report shall be published within 120 days after the end of the financial year.

(Mandatory Provision 136)

Article 216 The Company shall not keep separate books of accounts apart from its statutory books of account. The Company's assets shall not be kept under any individual's name or account. The statutory books of account shall be open to inspection by the directors and supervisors.

(Mandatory Provision 137)

Article 217 Upon completion of the Company's interim reports and annual reports, relevant steps shall be taken and announcement be made in accordance with the relevant securities laws and regulations of the PRC and the rules of the stock exchange(s) on which the shares of the Company are listed overseas.

### **CHAPTER 18 DISTRIBUTION OF PROFITS**

Article 218 The Company should place emphasis on the reasonable investment return to the shareholders, the profit after taxation should be distributed as following order:

- (1) making up of accrued losses;
- (2) allocation to the statutory common reserve;
- (3) payment of dividends on preferred shares, if any;
- (4) allocation to the discretionary common reserve;
- (5) payment of dividends on ordinary shares.

The exact proportion of distributions in respect of items (4) to (5) above for any year shall be determined by the board of directors in accordance with the operating conditions and development requirements of the Company and shall be submitted to the shareholders in general meeting for approval. (SEHK Listing Rules Appendix 3-9)

When formulating the Company's profit distribution proposal, the Board should focus on giving reasonable investment return to its investors and the Company's sustainable development, and should analyze factors including the Company's operation development, the desires of its shareholders, the costs of social capital and the external financing environment.

Any profit distribution proposal of the Company shall be prepared by the secretary to the Board together with the financial officers and shall be agreed by two-third of the independent directors before putting to the Board for approval. The Board shall have a thorough discussion on the reasonableness of the profit distribution proposal and present to the shareholders' meeting for approval after passing a resolution.

After the Board meeting, the Company shall use all means to actively communicate with medium and small shareholders, thoroughly listen to their opinions. When the cash profit distribution proposal is considered at a shareholders' meeting, the opinions of the medium and small shareholders should be fully heard and their concerns be addressed in timely manner.

Article 219 No dividends shall be paid before the Company has made up its accrued losses and has made allocation to the statutory common reserve and the statutory public welfare fund. No dividend, unless the same is not paid by the Company when due and payable, shall bear interest as against the Company.

Article 220 The Company shall allocate 10 per cent. of its profit after tax to the statutory common reserve, provided that no allocation is required if the accumulated statutory common reserve exceeds 50 per cent. of the registered capital of the Company.

Article 221 The Company shall allocate discretionary common reserve from its profit after tax in accordance with the resolutions made in general meeting.

Article 222 After the Company has made up losses and allocated for the common reserve, the profit after tax shall be distributed proportionally among shareholders, save and except those who shall not receive proportional shares of profit according to these Articles.

If the general meeting violates the preceding provision and distributes the profit among shareholders prior to making up its losses and allocating common reserve, shareholders must return to the Company the profit that they receive in violation of such provision.

Article 223 The capital common reserve shall comprise the following sums:

- (1) the amount of share premium arising from the issue of shares at a premium;
- (2) other income required by the financial regulatory authority of the State Council to be appropriated to the capital common reserve.

(Mandatory Provision 138)

Article 224 The common reserve of the Company comprises the statutory common reserve, the discretionary common reserve and the capital common reserve. It shall only be used for the following purposes:

- (1) to make up the loss, but capital pension fund cannot be used for making up any loss;
- (2) to expand the business operations of the Company; and
- (3) to be converted into capital. The Company may, subject to the approval of a special resolution of the shareholders in general meeting, convert its common reserve into capital and issue bonus shares to existing shareholders in proportion to their original shareholdings or increase the nominal value of each share. When the statutory common reserve of the Company is converted into capital, the balance of such reserve after such conversion must not be less than 25 per cent. of the registered capital of the Company.

Article 225 The Company distributes its profits annually and shall distribute dividend once every year. If so authorized by the shareholders in a general meeting, the Board may distribute interim dividends or bonus.

To ensure continuity and stability in the Company's profit distribution policy, the accumulated cash profits distributed by the Company in three consecutive years shall not be less than thirty percent of the average annual distributable profits realized in the previous three years.

If the Company has good operation conditions, and the Board considers that the share price of the Company does not match with the capital size of the Company and the declaration of a scrip dividend is in the interest of the shareholders as a whole, a scrip dividend proposal can be proposed when the above conditions for cash dividend are satisfied.



If the Board does not make a cash profit distribution proposal if there records a profit for the year, the Board shall in detail explain in the annual report for such year the reasons for not distributing profit, the purpose and the plan of usage of the funds accumulated by the Company and not distributed as dividends, on which the independent directors shall give an independent opinion. If the Board does not make a cash dividend proposal if there records a profit for the year, the Company shall provide an internet voting platform to the shareholders when convening the shareholders meeting in addition to a physical meeting.

The shares of the Company held by the Company itself shall not participate in profit distribution.

Article 226 Subject to the restrictions imposed by Articles 218 and 219, annual dividends shall be paid within 6 months after the end of each financial year in proportion to the shareholding of each shareholder. Annual dividends shall be sanctioned by the shareholders in general meeting but the amount of dividends payable shall not exceed the amount recommended by the board of directors.

The profit distribution proposal and the conversion of capital common reserve proposal upon approval by the general meeting, the board of directors of the Company shall within 2 months from the date of the general meeting complete the distribution of dividends or the conversion of capital.

Article 227 The Company may distribute dividends by way of cash or bonus shares (or by a combination of both). The Company shall give priority to the distribution of dividends in cash.

(Mandatory Provision 139; SEHK Listing Rules Appendix 3-9)

Dividends or other distributions payable on ordinary shares shall be declared and valued in Renminbi.

Dividends or other cash distributions payable on domestic shares shall be paid in Renminbi.

Dividends or other cash distributions payable on overseas listed foreign shares listed in Hong Kong shall be paid in Hong Kong dollars in accordance with the relevant PRC regulations on foreign exchange and at an exchange rate which is equal to the average of the People's Bank of China's closing rate of exchange for the exchange of Hong Kong dollars into Renminbi on each of the 5 business days immediately preceding the date of declaration of the dividend or cash distribution or at such other exchange rate as may be prescribed by or allowed under any relevant law or regulation.

Article 228 If, due to the Company's operating conditions, investment planning and needs for long-term development or significant changes in the Company's external operating environment, it is necessary to adjust the cash dividend distribution policy as required the Company's Articles of Association, the adjusted profit distribution policy should focus on protecting the rights and interests of the Company's shareholders and shall not violate any law or regulatory requirements.

Any proposal to adjust the cash dividend distribution policy should be thoroughly discussed and the reasons thereof should be stated. Any such adjustments shall be passed and approved by more than two-thirds of the independent directors and, after they are considered and passed by the Board, shall be presented at a shareholders' meeting for approval.

The Company shall provide an internet voting platform to the shareholders for any adjustments to the Company's profit distribution policy that are presented at a shareholders' meeting for consideration which shall be passed and approved by more than two-thirds of the voting rights represented by the shareholders present at the meeting.

Article 229 When distributing dividends to shareholders, the Company shall make such withholdings for tax on the dividend income of the shareholders as may be required by PRC tax law.

Article 230 The Company shall appoint a receiving agent for the holders of its overseas listed foreign shares who shall, on behalf of such holders, receive dividends declared and all other moneys payable by the Company in respect of their overseas listed foreign shares. (Mandatory Provision 140)

The receiving agent appointed by the Company shall comply with the requirements of the law of the place where the Company is listed and the rules of the stock exchange(s) on which the shares of the Company are listed. The receiving agent appointed by the Company for holders of overseas listed foreign shares listed in Hong Kong shall be a trust corporation registered under the Trustee Ordinance in Hong Kong. (SEHK Listing Rules Appendix 3-1(c); Opinion Letter on Supplemental Amendments 1-8)

- Article 231
- (1) Subject to compliance with the relevant law and regulations of the PRC, the Company may exercise powers to forfeit any unclaimed dividend, provided that such powers shall not be exercised until after the expiry of the applicable limitation period. (SEHK Listing Rules Appendix 3-3(2) and 3-13)
  - (2) The Company is entitled to cease sending to a holder of overseas listed foreign shares dividend warrants by post, provided that such power shall not be exercised unless and until dividend warrants have been left uncashed on two consecutive occasions. Such power, however, may be exercised by the Company after the first occasion on which a dividend warrant is returned undelivered.
  - (3) Under the premise in pursuant to relevant PRC laws and regulations, the Company has the power to sell the shares of holders of overseas listed foreign shares who is untraceable by means considered appropriate by the board of directors under the following circumstances:
    - (i) during a period of twelve years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
    - (ii) on expiry of the twelve years the Company gives notice of its intention to sell the shares by way of an advertisement published in one or more newspapers of the place(s) in which the shares of the Company are listed and notifies the stock exchange on which such shares are listed of such intention.
  - (4) In case of exercising power to issue warrants to holders, no new warrants shall be issued to replace the lost ones unless the Company confirms, beyond all reasonable doubts, the physical loss of the original warrants.

## CHAPTER 19 APPOINTMENT OF FIRM OF ACCOUNTANTS

Article 232 The Company shall appoint one or more independent firms of accountants which satisfy the relevant PRC requirements to audit the annual financial report of the Company and to verify and audit other financial reports of the Company.

The first firm of accountants of the Company may be appointed at the inaugural meeting prior to the first annual general meeting and that firm of accountants shall hold office until the conclusion of the first annual general meeting.

If at the inaugural meeting the Company fails to exercise its powers stipulated in the preceding paragraph, those powers shall be exercised by the board of directors.

(Mandatory Provision 141)

Article 233 The term of appointment of a firm of accountants appointed by the Company shall commence from the conclusion of the current annual general meeting and expire at the conclusion of the next annual general meeting. (Mandatory Provision 142)

Article 234 The firm of accountants appointed by the Company shall have the following rights:

- (1) to inspect at all times the books, records and vouchers of the Company, and the right to require the directors, the general manager and other officers of the Company to provide relevant information and explanations;
- (2) to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanations as are necessary for the firm of accountants to perform its duties;
- (3) to attend any general meeting, to receive all notices of, and other information relating to, any general meeting which a shareholder is entitled to receive, and to speak at any general meeting on any matter which concerns it as the firm of accountants of the Company.

(Mandatory Provision 143)

Article 235 If a casual vacancy arises in the office of firm of accountants, the board of directors may prior to the holding of a general meeting appoint a firm of accountants to fill the vacancy, but if during the continuation of any such casual vacancy the Company has another firm of accountants in office, that firm of accountants may continue to act.

(Mandatory Provision 144)

Article 236 The shareholders in general meeting may by ordinary resolution remove a firm of accountants before the expiration of its term of office notwithstanding any provisions of the contract between the Company and the firm of accountants, but without prejudice to the right (if any) of the firm of accountants to claim for compensation against the Company arising from the termination of its office. (Mandatory Provision 145)

Article 237 The remuneration and the method of determining the remuneration of the firm of accountants shall be decided by the shareholders in general meeting. The remuneration of the firm of accountants appointed by the board of directors shall be determined by the board of directors. (Mandatory Provision 146)

Article 238 The appointment, removal, and non re-appointment of a firm of accountants by the Company shall be decided by the shareholders in general meeting and reported to the State Council securities regulatory authority for record. (Mandatory Provision 147)

Where a resolution is proposed to be passed at a general meeting to appoint a firm of accountants not currently in office to fill a casual vacancy in the office of accountants, or to re-appoint a retiring firm of accountants which was appointed by the board of directors to fill a casual vacancy, or to remove a firm of accountants before the expiration of its term of office, the following provisions shall apply:

- (1) The proposed resolution for appointment or removal shall be sent, before the issue of the notice of general meeting, to the firm of accountants proposed to be appointed or which proposes to leave office or which has left office in the relevant financial year.

Leaving office includes a removal, resignation and retirement.

- (2) If the firm of accountants leaving office makes representations in writing and requests the Company to notify the shareholders of its representations, the Company shall implement the following measures (unless the representations are received too late):
  - (i) state in the notice given in connection with the resolution the fact that representations have been made by the firm of accountants leaving office; and
  - (ii) send to every shareholder in the manner prescribed by these Articles a copy of the representations as an enclosure to the notice of general meetings.
- (3) If the representations of the relevant firm of accountants are not despatched by the Company in accordance with paragraph (2) above, that firm of accountants may request such representations be read at the general meeting and may make further submissions.
- (4) A firm of accountants leaving office shall be entitled to attend:
  - (i) the general meeting at which its term of office would otherwise expire;
  - (ii) the general meeting at which it is proposed to fill the vacancy arising from its removal;
  - (iii) any general meeting convened as a result of its resignation.

A firm of accountants leaving office shall be entitled to receive all notices of, and other information relating to, the meetings referred to above, and to speak at any such meeting on any matter which concerns it as the former firm of accountants of the Company.

(Opinion Letter on Supplemental Amendments 1-9; SEHK Listing Rules Appendix 13d-1e)

- Article 239
- (1) If the Company removes or does not re-appoint a firm of accountants, it shall notify the firm of accountants in advance. The firm of accountants is entitled to make representations to the shareholders in general meeting. A firm of accountants tendering resignation shall inform the shareholders in general meeting as to whether there is any misconduct on the part of the Company. (Mandatory Provision 148)

- (2) A firm of accountants may resign from its office by a notice in writing deposited at the Company's legal address. Any such notice shall be effective on the date on which it is deposited at the legal address of the Company or on such later date as may be specified therein. Such notice shall contain either of the following statements:
- (i) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of shareholders or creditors of the Company; or
  - (ii) a statement of any circumstances of which an account ought properly to be given.
- (3) The Company shall within 14 days after its receipt of the written notice referred to in paragraph (2) above send a copy of the notice to its supervisory authority. If the notice contains a statement referred to in sub-paragraph (ii) of the preceding paragraph, a copy of that statement shall be deposited at the Company for inspection by shareholders. The Company shall also send a copy of such statement to every holder of overseas listed foreign shares by prepaid post to their addresses recorded in the register of shareholders.
- (4) Where the notice of resignation of the firm of accountants contains a statement of circumstances of which an account ought properly to be given, the firm of accountants may require the board of directors to convene an extraordinary general meeting to receive an explanation of the circumstances connected with its resignation.

(Opinion Letter on Supplemental Amendments 1-10; SEHK Listing Rules 13-1e(ii))

## **CHAPTER 20 LABOUR MANAGEMENT AND STAFF AND TRADE UNION**

Article 240 The Company shall formulate its labour management, personnel management, staff wages and salaries and welfare and social insurance systems in accordance with PRC law, regulations and the relevant administrative provisions.

- Article 241 The Company shall implement an appointment system in respect of all levels of management personnel. In respect of other employees, the Company shall implement a contract system. The Company shall have autonomy in respect of the deployment of employees and the right to recruit and dismiss management personnel and employees in accordance with law, regulations and contractual terms.
- Article 242 The Company shall have the right to determine autonomously the levels of wages and income and welfare benefits for various levels of its management personnel and various classes of employees by reference to its own economic performance and parameters prescribed by relevant PRC administrative regulations.
- Article 243 The Company shall arrange for medical insurance, retirement insurance and unemployment insurance for its management personnel and employees in accordance with the relevant administrative regulations of the PRC central and local governments and shall comply with laws, regulations and relevant requirements in respect of labour insurance and labour protection for retired and unemployed staff and workers.
- Article 244 The employees of the Company may in accordance with law organise trade unions, carry out trade union activities and protect the lawful rights of employees. The Company shall provide the necessary conditions for the activities of the trade union of the Company. The Company shall make allocations to a trade union fund and develop trade union activities in accordance with relevant PRC law.

## **CHAPTER 21 MERGER AND DEMERGER OF THE COMPANY**

- Article 245 Any proposal for the merger or demerger of the Company shall be prepared by the board of directors and shall be approved in accordance with the provisions of these Articles, after which the relevant approval procedures shall be carried out in accordance with law. Shareholders who object to the merger or demerger of the Company are entitled to require the Company or the shareholders who agree to the merger or demerger proposal of the Company to purchase their shares at a fair price. The text of a resolution for the merger or demerger of the Company shall be set out in a special circular which shall be made available for inspection by the shareholders.



The document referred to above shall be sent by post to holders of overseas listed foreign shares listed in Hong Kong.

(Mandatory Provision 149)

Article 246 A merger of the Company may be effected through either merger by absorption or merger by new establishment.

In the event of a merger of the Company, all parties to the merger shall enter into a merger agreement, and a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within 10 days and shall make a public announcement of the merger in newspapers at least 3 times within 30 days after the date of the passing of a merger resolution.

After the merger of the Company, the rights and liabilities of the merging parties shall be assumed by the company continuing to exist after the merger or the new company established therefor.

(Mandatory Provision 150)

Article 247 In the event of a demerger of the Company, its assets shall be segregated in an appropriate manner.

In the event of a demerger of the Company, all parties to the demerger shall enter into a demerger agreement, and a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within 10 days and shall make a public announcement of the demerger in newspapers at least 3 times within 30 days of the passing of a demerger resolution.

The liabilities of the Company prior to its demerger shall be assumed by the companies after the demerger in accordance with the agreement reached.

(Mandatory Provision 151)

Article 248 Changes to registered particulars arising from a merger or demerger of the Company shall be registered with the companies registration authority in accordance with law. If the Company is dissolved, a cancellation of its registration shall be effected in accordance with law. If a new company is established, registration of such establishment shall be effected in accordance with law.

(Mandatory Provision 152)

## CHAPTER 22 DISSOLUTION AND LIQUIDATION

Article 249 The Company shall be dissolved and liquidated in accordance with law upon the occurrence of any of the following events:

- (1) a general meeting has resolved to dissolve the Company;
- (2) dissolution has become necessary by reason of a merger or demerger of the Company;
- (3) the Company is declared insolvent in accordance with law because of an inability to pay its debts as they fall due;
- (4) the Company has been ordered to be closed down by reason of its contravention of law or administrative regulations.

(Mandatory Provision 153)

Article 250 If the Company is dissolved on the ground set out in paragraph (1) of the preceding Article, then it shall establish a liquidation committee within 15 days thereof, and the membership of the liquidation committee shall be determined by an ordinary resolution of the shareholders in general meeting.

If the Company is dissolved on the ground set out in paragraph (3) of the preceding Article, a liquidation committee comprising shareholders, the relevant departments and relevant professionals shall be established by the People's Court in accordance with relevant law to carry out the liquidation.

If the Company is dissolved on the ground set out in paragraph (4) of the preceding Article, a liquidation committee comprising shareholders, the relevant departments and relevant professionals shall be established by the relevant supervisory authority to carry out the liquidation.

(Mandatory Provision 154)

Article 251 If the board of directors resolves to dissolve and liquidate the Company (otherwise than a liquidation of the Company as a result of a declaration of insolvency), the board of directors shall, in the notice convening the general meeting for this purpose, include a statement to the effect that, after having made a full inquiry into the affairs of the Company, it is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

Upon the passing of a resolution by the shareholders in general meeting to commence liquidation, the powers of the board of directors of the Company shall cease forthwith.

The liquidation committee shall comply with the instructions of the general meeting, report to the general meeting at least once a year on the income and expenditure of the liquidation committee, the business of the Company and the progress of liquidation and, on completion of liquidation, submit a final report to the general meeting.

(Mandatory Provision 155)

Article 252 The liquidation committee of the Company shall notify all creditors within 10 days following its establishment and shall make a public announcement regarding the same in newspapers at least 3 times within a period of 60 days thereof. The liquidation committee shall be responsible for the registration of claims of creditors.

(Mandatory Provision 156)

Article 253 The liquidation committee shall exercise the following functions and powers during liquidation:

- (1) to examine and take possession of the assets of the Company and prepare separately a balance sheet and an inventory of the Company's assets;
- (2) to inform creditors by notice or public announcement;
- (3) to deal with and liquidate the relevant outstanding business of the Company;
- (4) to settle outstanding tax payment;
- (5) to settle claims and debts of the Company;
- (6) to dispose of the surplus assets of the Company as remain after the repayment of debts;
- (7) to represent the Company in civil litigation proceedings.

(Mandatory Provision 157)

Article 254 After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and an inventory of assets, it shall formulate a liquidation proposal and submit it to the general meeting or the relevant supervisory authority for confirmation.

(Mandatory Provision 158)

Article 255 The costs of liquidation, including the remuneration payable to the members and advisers of the liquidation committee, shall be paid in priority out of the assets of the Company before payment of the claims of other creditors.

Article 256 Immediately following the passing of a resolution for the dissolution of the Company by the general meeting or a declaration of insolvency of the Company in accordance with law or an order for the closing down of the Company, no one shall deal with of the assets of the Company without the permission of the liquidation committee. The Company shall not commence any new business activity during liquidation.

After the Company has paid in priority the costs of liquidation, the liquidation committee shall make payment out of the assets of the Company in the following order of priority:

- (1) to pay accrued wages of and labour insurance premiums for the employees of the Company;
- (2) to pay outstanding taxes;
- (3) to repay the debts of the Company.

Any surplus assets remaining after the repayment of debts by the Company shall be distributed by the liquidation committee to the shareholders according to the class and proportion of shares held by them in the following order of priority:

- (1) distribution to holders of preference shares shall be made corresponding to the nominal value of the number of preference shares held; if the aggregate nominal values of the preference shares cannot be returned in full, distribution shall be made in proportion to the respective shareholdings of the holders of the preference shares;
- (2) distribution to holders of ordinary shares shall be made in proportion to the number of shares held by them.

Article 257 Members of a liquidation committee shall act honestly in the discharge of their duties and shall perform their liquidation obligations according to law and in a fiduciary manner.

Members of a liquidation committee shall not make use of their functions or powers to accept bribes or other illegal income and shall not expropriate the property of the Company. If a member of a liquidation committee wilfully or through gross misconduct causes loss to the Company or its creditors, he shall be liable to make compensation.

Article 258 If the Company is being liquidated as a result of a resolution for dissolution having been passed and the liquidation committee, after having examined and taken possession of the assets of the Company and prepared a balance sheet and an inventory of the Company's assets, discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the People's Court for a declaration of insolvency of the Company.

Following a ruling by the People's Court that the Company is insolvent, the liquidation committee shall transfer to the People's Court all matters relating to the liquidation.

(Mandatory Provision 159)

Article 259 After the completion of liquidation of the Company, a liquidation report and the income and expenditure statement and the financial books in respect of the period of liquidation shall be prepared by the liquidation committee and, after their having been verified by an accountant registered in the PRC, shall be submitted to the general meeting or the relevant supervisory authority for confirmation.

The liquidation committee shall, within 30 days after obtaining confirmation from the general meeting or the relevant supervisory authority, submit the foregoing documents to the companies registration authority and apply for a cancellation of the registration of the Company, and shall make a public announcement of the termination of the Company.

(Mandatory Provision 160)

## **CHAPTER 23 AMENDMENTS TO ARTICLES**

Article 260 The Company may amend these Articles in accordance with law, administrative regulations and the provisions of these Articles.

(Mandatory Provision 161)

In any one of the following circumstances, the Company shall amend its Articles of Association:

- (1) After amendment of the Company Law or relevant laws or administrative regulations, the contents of these Articles of Association conflict with the amended laws or administrative regulations;
- (2) The circumstances of the Company have changed so that they are not in line with the contents of these Articles of Association; or
- (3) The general meeting decides that the Article of Association should be amended.

Article 261 Any amendment to provisions included in these Articles based on the provisions in the Mandatory Provisions shall become effective only after the approval of the companies supervisory department authorised by the State Council and the approval of China Securities Regulatory Commission; and registration of changes shall be effected in accordance with law in respect of any amendments which affect any registered particulars of the Company.

(Mandatory Provision 162)

Matters in respect of amendments to articles belong to information required to be disclosed under the laws and regulations and should be announced accordingly.

## **CHAPTER 24 NOTICES**

Article 262 (1) Save as otherwise provided in these Articles, notices, information and written statements to be given by the Company to holders of overseas listed foreign shares listed in Hong Kong shall be served on each holder of overseas listed foreign shares by personal delivery or by pre-paid post to the registered address of each such holder of overseas listed foreign shares.

- (2) A shareholder who has not provided any registered address to the Company shall be deemed to have received notice if such notice shall have been displayed at the legal address of the Company and remained there for a period of 24 hours.
- (3) Notices to be given by the Company to holders of domestic shares shall be published in one or more newspapers specified by the PRC securities regulatory authority. Once published, all holders of domestic shares shall be deemed to have received such notice.
- (4) In these Articles, “public announcement” shall mean, unless the context otherwise requires, the publication of public announcement or other news, as determined and required by the Company’s general meeting, in newspapers or media as prescribed by the PRC and foreign stock exchange, and such newspapers shall have been prescribed or recommended under the law, regulations, rules or by the relevant securities administration authority of such place.

(SEHK Listing Rules Appendix 3-7)

Article 263 Where a notice is to be sent by post, it shall be placed in an envelop properly addressed, postage prepaid and posted and, unless expressly stipulated otherwise under the relevant provisions of these Articles, any such notice shall be deemed to have been received by shareholders 5 days after posting. Where a notice is to be sent by person, the receiver shall sign (or affix chop) on the receipt and the date of signing receipt by the receiver shall be the date of receipt. Where a notice is to be issued by way of public announcement, the first date of the publication of the announcement shall be the date of receipt.

Article 264 Any notice, document, information or written statement sent by a shareholder, director or supervisor to the Company may be sent by personal delivery or registered mail to the Company’s legal address, or by leaving it with, or by sending it by registered mail to, the registered agent of the Company, unless expressly required otherwise under the provisions of these Articles.

In proving that a shareholder, director or supervisor has sent a notice, document, information or written statement to the Company, evidence shall be produced to show that the notice, document, information or written statement was within the specified time in the ordinary manner delivered to or posted by prepaid post to the correct address.

## CHAPTER 25 RESOLUTION OF DISPUTES

Article 265 The Company and its shareholders, directors, supervisors, general managers and other officers shall comply with the following rules of dispute resolution:

- (1) Whenever any dispute or claim arises from any rights or obligations provided in these Articles, the Company Law or other relevant law or administrative regulations and such dispute or claim concerns the affairs of the Company and is between a holder of overseas listed foreign shares and the Company, between a holder of overseas listed foreign shares and the directors, supervisors, general managers or other officers of the Company, or between a holder of overseas listed foreign shares and a holder of domestic shares, the parties concerned shall refer that dispute or claim to arbitration.

When referring such dispute or claim to arbitration, the entire claim or dispute shall be referred to arbitration; all persons who, being the Company or the shareholders, directors, supervisors, general managers or other officers of the Company and who have a cause of action based on the same facts giving rise to that dispute or claim or whose participation is necessary for the resolution of that dispute or claim shall submit to arbitration.

Disputes relating to whether or not a person is a shareholder and disputes relating to the register of shareholders need not be resolved by arbitration.

- (2) An applicant for arbitration may refer the matter to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules or, alternatively, to the Hong Kong International Arbitration Centre for arbitration in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body selected by the claimant.

If the party applying for arbitration elects for arbitration by the Hong Kong International Arbitration Centre, then any party concerned shall be entitled to request, in accordance with the requirements of the securities arbitration rules of the Hong Kong International Arbitration Centre, that the arbitration be conducted in Shenzhen.



- (3) If arbitration is sought to resolve a dispute or claim referred to in paragraph (1) of this Article, PRC law shall be applicable, save as otherwise prescribed by law or administrative regulations.
- (4) An award made by the arbitral body shall be final and conclusive and shall be binding on all parties.

## CHAPTER 26 INTERPRETATION

Article 266 These Articles shall be in Chinese and English and in the event of conflict, the Chinese version shall prevail.

Article 267 In these Articles, the following words and expressions bear the following meanings unless the context otherwise requires:

“Articles”	the articles of association of the Company;
“board of directors”	the board of directors of the Company;
“chairman”	the chairman of the Company;
“director”	a director of the Company;
“legal address”	the legal address specified in Article 3 of these Articles;
“general manager”	the general manager of the Company;
“Rmb” or “Renminbi”	the lawful currency of the PRC;
“company secretary”	company secretary to the board of directors;
“Exchange” or “SEHK”	The Stock Exchange of Hong Kong Limited;
“State” or “PRC”	the Peoples’ Republic of China;
“supervisor”	a supervisor of the Company; and
“supervisory committee”	the supervisory committee of the Company.

Article 268 (1) References to a firm of accountants in these Articles shall have the same meaning as “auditors”.

(Mandatory Provision 165)

- (2) A “controlling shareholder” means a shareholder whose shareholding is not less than 50% of the total issued share capital of the Company; or a shareholder whose shareholding is less than 50%, but the voting power attached to his shareholding is sufficient to cast significant influence on the resolutions to be passed at the general meetings.
- (3) A “de facto controller” means a person, though not a shareholder, but through investment relationship, agreement, or other arrangement, can actually control the activities of the Company.
- (4) “Associated relationship” is the relationship between the controlling shareholder, de facto controller, directors, supervisors or senior management, and enterprises directly or indirectly controlled by them, as well as other relationships which may possibly cause the transfer of the Company’s interests. However, enterprises owned by the State will not be regarded as having associated relationship only because they are owned by the State.
- (5) In these Articles of Association, the terms “not less than”, “within” and “not more than” shall include the given figure, and the terms “exceeding”, “under”, “beyond”, “below” and “more than” shall not include the given figure.