

**Red Star Macalline Group Corporation Ltd.**

**Articles of Association**

**Shanghai, China**

**Approved at the 2022 Annual General Meeting of  
Red Star Macalline Group Corporation Ltd. on 26 June 2023**

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**NOTE:** In the margin notes to the provisions of these Articles, the “**Company Law**” refers to The Company Law with effect from 1 March 2014 as amended on 28 December 2013, the “**Mandatory Provisions**” refer to the “Mandatory Provisions for Articles of Association of Companies Listed Overseas” jointly issued by the former State Council Securities Commission and the former State Commission for Restructuring the Economic System; the “**Zheng Jian Hai Han (證監海函)**” refers to the “Circular Regarding Comments on the Amendments to Articles of Association of Companies Listed in Hong Kong” (Zheng Jian Hai Han [1995] No. 1) jointly issued by the Overseas-Listing Department of the CSRC and the Production System Department of the former State Commission for Restructuring the Economic System; the “**Listing Rules**” refer to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; the “Appendix 3 to the Listing Rules” refers to the Appendix 3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; the “Appendix 13D to the Listing Rules” refers to Part D of Appendix 13 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; the “Appendix 14 to the Listing Rules” refers to the Corporate Governance Code and the Corporate Governance Report in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; the “**Guidelines on Articles**” refer to the Guidelines on Articles of Association of Listed Companies (as amended in 2019).

## RED STAR MACALLINE GROUP CORPORATION LTD.

### ARTICLES OF ASSOCIATION

#### CHAPTER 1 GENERAL PROVISIONS

- Article 1** The Articles of Association are formulated pursuant to *Company Law of the People's Republic of China* ("Company Law"), *Securities Law of the People's Republic of China* ("Securities Law"), *Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies* ("Special Provisions"), *Mandatory Provisions for the Articles of Association of Companies to Be Listed Overseas* ("Mandatory Provisions"), *Letter of Opinions on Supplementary Amendment to Articles of Association of Companies to Be Listed in Hong Kong* ("Letter of Opinions"), *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* ("Listing Rules" or *Listing Rules*) and other relevant regulations, in order to protect the legitimate rights and interests of Red Star Macalline Group Corporation Ltd. ("Company" or "the Company") and shareholders and creditors thereof and regulate the organization and behavior of the Company. Sec. 1(a) of Appendix 13D to Listing Rules
- Article 2** The Company is incorporated as a joint stock limited company in accordance with the *Company Law*, *Special Provisions* and other relevant PRC laws and administrative regulations. Article 1 of the Mandatory Provisions
- With the approval of the Ministry of Commerce as shown in its document (Shang Zi Pi [2010] No. 1266), the Company was established by means of promotion on 6 January 2011 and obtained the business license of the Company following registration with the Shanghai Administration for Industry & Commerce on 6 January 2011, with the business license number of 310115001019076.
- The promoters of the Company are: Shanghai Red Star Macalline Investment Company Limited, Springwood Investment SRL, Candlewood Investment SRL, Beijing Ruibang Beite Entrepreneur Investment Center (Limited Partnership), WHWH Group Company Limited, Beijing Yaxiang Xingtai Investment Company Limited, Tianjin Jinkai Equity Investment Fund Partnership (Limited Partnership), Lianyungang Fairbay Infrastructure Construction Company Limited, Mianyang Science and Technology Park Industry Fund (Limited Partnership), Beijing Bainian Decheng Entrepreneur Investment Center (Limited Partnership), Shanghai Yinping Investment Management Company Limited, Shanghai Junyi Investment Consultancy Company Limited, Shanghai Ping'an Pharmacy Company Limited, Nantong Qianjun Construction Material Company Limited, Shanghai Meilong Assets Management Company Limited, Shanghai Xingkai Business Administration Company Limited and Shanghai Hongmei Investment Management Company Limited.

<b>Article 3</b>	Name of the Company in Chinese: 紅星美凱龍家居集團股份有限公司 Registered name of the Company in English: Red Star Macalline Group Corporation Ltd.	Article 2 of the Mandatory Provisions
<b>Article 4</b>	Domicile of the Company: Room F801, 6/F, 518 Linyu Road, Pudong New Area, Shanghai, China Tel. No.: 021-52820220 Fax No.: 021-52820272 Postal code: 201204	Article 3 of the Mandatory Provisions
<b>Article 5</b>	The chairman of the Board is the legal representative of the Company.	Article 4 of the Mandatory Provisions
<b>Article 6</b>	The Company is a joint stock limited company having perpetual existence.  The Company is an independent corporate legal person, which has independent property of a legal person and enjoys the property rights of a legal person.  The assets of the Company are divided into equal shares. The shareholders of the Company shall bear liability for the Company to the extent of the shares they hold, and the Company shall bear liability for the debts of the Company with its entire assets.	Article 5 of the Mandatory Provisions Articles 3 and 125 of the Company Law
<b>Article 7</b>	After adoption by special resolution on the general meeting of the Company and approval of the relevant authorities of the state, the Articles of Association shall take effect as from the date on which the onshore-listed domestic shares issued by the Company are listed, and shall replace the articles of association formerly registered by the Company with the competent industrial and commercial administration authority.  From the date on which the Articles of Association came into effect, the Articles of Association constitutes a legally binding public document regulating the organization and behaviour of the Company, as well as the rights and obligations shared between the Company and its shareholders and among the shareholders.	Article 6 of the Mandatory Provisions
<b>Article 8</b>	The Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors, general manager and other senior executives, all of whom may, according to the Articles of Association, assert rights in respect of the Company's affairs.  Pursuant to the Articles of Association, the shareholders may pursue actions against the Company; pursuant to the Articles of Association, the Company may pursue actions against the shareholders, directors, supervisors and other senior executives; pursuant to the Articles of Association, shareholders may pursue actions against other shareholders; pursuant to the Articles of Association, shareholders of the Company may pursue actions against the Company's directors, supervisors, general manager and other senior executives.	Article 7 of the Mandatory Provisions  Articles 10 and 11 of the Guidelines on Articles

The actions, as referred to in the preceding paragraph, include the instituting of legal proceedings with a court or filing with an arbitral authority for arbitration.

“Other senior executives” mentioned in this Article include deputy general manager, secretary of the Board, chief financial officer and other persons appointed by the Board as senior executives of the Company.

- Article 9** The Company may invest in other limited liability companies or joint stock limited companies and shall be held responsible for the invested companies within the limitation of the amount of the Company’s capital contribution. Unless otherwise specified by laws, the Company shall not be the capital contributor bearing joint liability associated with the debts of the invested enterprises. Article 8 of the Mandatory Provisions and Article 15 of the Company Law

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

- Article 10** Business objective of the Company is to: Provide client-oriented innovative home building materials logistics services and products in the principle of business integrity and quality first and in accordance with the laws and administrative regulations of the state, so as to seek satisfactory returns for shareholders. Article 9 of the Mandatory Provisions

- Article 11** The business scope of the Company shall be as approved by the company examination and approval authority and industrial and commercial administration authority. Article 10 of the Mandatory Provisions

The business scope of the Company is: Providing the invested enterprises with management service, enterprise management consulting and product information consulting; providing the home furnishing business stores with design planning and management services, wholesale of furniture, building materials (steel exclusive) and decoration materials, and relevant supporting services; exhibition and display services. (products involving quota license or special management provisions shall be subject to relevant state regulations) (with license if required).

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

- Article 12** The Company shall have ordinary shares at all times; the ordinary shares issued by the Company include domestic shares and foreign shares. With the approval of the company examination and approval authority authorized by the State Council, the Company may have other forms of shares according to relevant laws and administrative regulations when needed. Article 11 of the Mandatory Provisions

- Article 13** The Company shall issue shares in a fair and just manner, and each share of the same category shall have the same right. Article 126 of the Company Law

All shares of the same category issued at the same time shall be issued under the same conditions and at the same price; any entity or individual shall pay the same price for each share.

- Article 14**      The stock of the Company shall take the form of shares. All shares issued by the Company shall have par values, with each share having a par value of RMB1.
- RMB referred to in the preceding paragraph refers to the statutory currency of the PRC.
- Article 15**      The Company may offer its shares to both domestic and foreign investors with the approval of the relevant securities regulatory authority under the State Council.
- Foreign investors referred to in the preceding paragraph shall mean those investors in foreign countries, Hong Kong, Macau or Taiwan who subscribe for shares of the Company. Domestic investors shall mean those investors in the PRC, excluding the aforementioned regions, who subscribe for shares of the Company.
- Article 16**      Shares that the Company issues to domestic investors for subscription in RMB shall be known as domestic shares. Shares that the Company issues to foreign investors for subscription in foreign currencies shall be known as foreign shares. Foreign shares offered and listed overseas shall be called overseas listed foreign shares. Shares listed and traded on the domestic stock exchanges shall be known as onshore-listed domestic shares.
- Foreign currency referred to in the preceding paragraph refers to the statutory currency, other than RMB, of another country or region, which is recognized by the foreign exchange authority of the state and can be used to pay the Company for the shares.
- Both holders of domestic shares and holders of foreign shares are ordinary shareholders and shall have the same rights and obligations.
- Shareholders of the Company may list the unlisted shares they hold on an overseas stock exchange upon approval by the securities regulatory authority under the State Council. Listing of the aforesaid shares on an overseas stock exchange shall also comply with the regulatory procedure, regulations and requirements of the overseas securities market. Listing of the aforesaid shares on an overseas stock exchange does not need resolution through voting at a class general meeting.
- Article 17**      The total number of ordinary shares issued by the Company upon approval at the time of the Company's incorporation is 3,000,000,000, all of which have been subscribed by the promoters at the time of the Company's incorporation.
- Article 12 of the Mandatory Provisions and Article 125 of the Company Law
- Article 13 of the Mandatory Provisions
- Article 14 of the Mandatory Provisions
- Article 15 of the Mandatory Provisions

**Article 18** Before the initial public offering of overseas listed foreign shares of the Company, the Company's share capital is RMB3,080,329,038, the total number of shares is 3,080,329,038, which are all ordinary shares, and the equity structure is:

Articles 16 and 19 of the Mandatory Provisions

SN	Promoter	Amount of shares held (share)	Shareholding percentage (%)
1.	Shanghai Red Star Macalline Investment Company Limited	2,480,315,772	80.52
2.	Candlewood Investment SRL	338,054,924	10.97
3.	Springwood Investment SRL	181,170,145	5.88
4.	Shanghai Ping'an Pharmacy Company Limited	3,688,206	0.12
5.	Shanghai Jinghai Assets Management Center (Limited Partnership)	56,849,998	1.85
6.	Shanghai Kaixing Business Administration Center (Limited Partnership)	7,589,999	0.25
7.	Shanghai Hongmei Investment Management Center (Limited Partnership)	12,659,994	0.41
<b>Total</b>		<b><u>3,080,329,038</u></b>	<b><u>100</u></b>

As approved by relevant regulatory authorities which are authorised by the State Council, the Company can issue 315,000,000 ordinary shares in total. The equity structure of the Company is as follows: 3,938,917,038 ordinary shares, including 2,876,103,969 onshore-listed domestic shares (A shares), representing 73.02% of the Company's total shares; 1,062,813,069 overseas listed foreign shares (H shares), representing 26.98% of the Company's total shares.

Upon approval at the 2017 AGM, the A Share Class Meeting and the H Share Class Meeting convened on 8 June 2018 by the Company, the Company bought back 388,917,038 overseas listed foreign shares (H shares). Upon completion of the aforementioned buy-back and share cancellation, the equity structure of the Company is as follows: 3,550,000,000 ordinary shares, including 2,876,103,969 onshore-listed domestic shares (A shares), representing 81.02% of the Company's total shares; 673,896,031 overseas listed foreign shares (H shares), representing 18.98% of the Company's total shares.



Upon approval at the 2019 annual general meeting, A shareholders' class meeting and H shareholders' class meeting convened on 18 June 2020, the Company implemented the profit distribution and capitalization plan which was based on the Company's total share capital of 3,550,000,000 shares before the implementation and issued 0.1 bonus share per share to all shareholders by way of conversion of capital reserve, which resulted in an increase of 355,000,000 shares in total. After the distribution, the total share capital became 3,905,000,000 shares, including 3,163,714,366 A shares, representing 81.02% of the Company's total shares, and 741,285,634 H shares, representing 18.98% of the Company's total shares.

- |                   |   |  |
|-------------------|---|--|
| <b>Article 19</b> | Onshore-listed domestic shares issued by the Company that fulfil the relevant regulations are under the custody of the centralised depository of the relevant securities depository institution. H shares issued by the Company are mainly under the custody of the relevant securities registration and clearing company in Hong Kong, and shareholders may also hold H shares in their own names.                         | Article 17 of the Guidelines on Articles   |
| <b>Article 20</b> | The Board of the Company may make arrangement for the Company's separate issuance of overseas listed foreign shares and onshore-listed domestic shares according to the issue scheme approved by the securities regulatory authority under the State Council.   | Article 17 of the Mandatory Provisions   |
|                   | According to the aforesaid scheme for separate issuance of overseas listed foreign shares and onshore-listed domestic shares, the Company may issue the shares separately within 15 months after approval of the securities regulatory authority under the State Council.   |  |
| <b>Article 21</b> | If the Company separately issues overseas listed foreign shares and onshore-listed domestic shares within the total number specified in the issue scheme, the said shares shall be issued respectively at one time; if it is impossible for the shares to be issued at one time for special reasons, the shares may be issued by several times upon approval by the securities regulatory authorities of the State Council. | Article 18 of the Mandatory Provisions<br><br>Article 6 of the Guidelines on Articles and Article 19 of the Mandatory Provisions |
| <b>Article 22</b> | The registered capital of the Company is RMB3,905,000,000.  |  |
| <b>Article 23</b> | Any increase or decrease in the registered capital of the Company shall be filed with the registration authority in accordance with the relevant laws.  | Article 177 of the Guidelines on Articles  |



## CHAPTER 4 INCREASE, DECREASE AND BUYBACK OF SHARES

- Article 24** Pursuant to the requirements of the relevant laws, administrative regulations, rules of relevant authorities and the listing rules of the stock exchanges on which its shares are listed, the Company may increase capital based on the needs of operation and development and in accordance with the Articles of Association. Article 20 of the Mandatory Provisions and Article 21 of the Guidelines on Articles
- The Company may increase its capital by:
- (I) Offer of new shares to unspecified investors;
  - (II) Offer of new shares to specified investors;
  - (III) Placement or offer of new shares to existing shareholders;
  - (IV) Conversion of capital reserve into share capital; or
  - (V) Other means stipulated by laws and administrative regulations and approved by the securities authority under the State Council.
- Issuance of new shares by the Company shall be subject to approval as specified in the Articles of Association and follow the procedure specified in the relevant laws and administrative regulations of the state and the place of listing for the shares of the Company.
- Article 25** The Company may decrease its registered capital in accordance with the Articles of Association. The Company shall decrease its registered capital pursuant to the *Company Law*, other relevant regulations and the Articles of Association. Article 22 of the Mandatory Provisions
- Article 26** The Company shall prepare a balance sheet and a list of property inventory when decreasing its registered capital. Article 23 of the Mandatory Provisions and Article 177 of the Company Law
- The Company shall notify all creditors within 10 days after adoption of the resolution to decrease the registered capital and shall make announcements in newspapers within 30 days. The creditors shall have the right to require the Company to repay debts or provide corresponding guarantees for debt repayment within 30 days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice.
- The Company's registered capital shall not, upon the decrease of capital, be less than the statutory minimum limit.

- Article 27**      The Company may, in the following circumstances, buy back its outstanding shares following the legal procedure specified in the Articles of Association and with approval from the regulatory authority of the state: Article 24 of the Mandatory Provisions and Article 142 of the Company Law
- (I)    When cancelling shares for decrease of the registered capital of the Company;
  - (II)   When merging with other companies holding shares of the Company;
  - (III)   When using the shares in employee stock ownership scheme or share incentive plans;
  - (IV)   When shareholders objecting to resolutions of the general meeting concerning merger or division of the Company require the Company to buy their shares; or
  - (V)    When using the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the Company;
  - (VI)   When safeguarding corporate value and shareholders' equity as the Company deems necessary; or
  - (VII) In other circumstances stipulated by laws and administrative regulations.
- Article 28**      The Company may buy back its shares in any of the following ways upon approval by the regulatory authority of the state: Article 25 of the Mandatory Provisions Article 142 of the Company Law
- (I)    Issuing a buyback offer to all shareholders according to an equal percentage;
  - (II)   Buying back through open transaction in the stock exchange;
  - (III)   Buying back through agreement outside the stock exchange; or
  - (IV)   Other circumstances stipulated by laws and administrative regulations.
- When the Company buys back its shares, it shall perform the obligation of information disclosure in accordance with the requirements of Securities Law. Buyback of the Company's shares under the circumstances as provided in (III), (V) and (VI) of Article 27 of the Articles of Association shall be conducted through open centralized trading.

- Article 29** In buying back shares through agreement outside the stock exchange, the Company shall seek prior approval at a general meeting in accordance with the Articles of Association. With prior approval at the general meeting in the same way, the Company may cancel or change the contract already concluded in the aforesaid manner or waive any right under the contract.
- The share buyback contract mentioned in the preceding paragraph includes (but is not limited to) agreement to undertake share buyback obligations and obtain share buyback rights.
- The Company shall not transfer the share buyback contract or any right thereunder.
- As far as the Company's right to repurchase the redeemable shares is concerned, the price shall not exceed certain upper limit if such shares are not repurchased in the market or by bidding; whereas in the event of repurchase by bidding, relative bids must be equally issued to all its shareholders.
- Article 30** After buying back its shares according to the laws, the Company shall cancel or transfer the said shares before the deadline specified by laws and administrative regulations, and register the change of the registered capital with the original company registration authority if the shares are cancelled.
- Buyback of the Company's shares for reasons set out in (I), (II) or (IV) of Article 27 of the Articles of Association shall be subject to resolution at a general meeting; buyback of the Company's shares in circumstances as provided in (III), (V) and (VI) of Article 27 of the Articles of Association shall be resolved by more than two-thirds of the directors present at the board meeting.
- After the Company has bought back its shares in accordance with Article 27 of the Articles of Association, such shares shall be cancelled within 10 days after buyback in the circumstance set out in (I), or shall be transferred or cancelled within six months under circumstances set out in (II) and (IV); total shares held by the Company shall not exceed 10% of the total issued shares of the Company under the circumstances set out in (III), (V) and (VI), and such shares shall be transferred or cancelled within 3 years.
- The Company shall register the change of registered capital or equity with the industrial and commercial administration authority and make announcement according to the Listing Rules.
- The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.

Article 26 of  
the Mandatory  
Provisions

Article 27 of  
the Mandatory  
Provisions and  
Article 142 of  
the Company  
Law

- Article 31** Unless the Company is under liquidation, the Company shall observe the following regulations when buying back its outstanding shares: Article 28 of the Mandatory Provisions
- (I) If the Company buys back shares at par value, the payment shall be deducted from the book balance of distributable profit of the Company and the proceeds from issuance of new shares for buying back old shares;
  - (II) If the Company buys back shares above par value, the part equivalent to the par value shall be deducted from the book balance of distributable profit of the Company and the proceeds from issuance of new shares for buying back old shares; the part above the par value shall be processed as follows:
    - 1. Deducted from the book balance of distributable profit of the Company if the shares bought back were issued at par value;
    - 2. Deducted from the book balance of distributable profit of the Company and the proceeds from issuance of new shares for buying back old shares if the shares bought back were issued above par value; but the amount deducted from the proceeds from issuance of new shares shall not exceed the total premium obtained at the time of issuance of the shares bought back and shall not exceed the amount (including premium from issuance of new shares) in the premium account (or capital reserve account) of the Company at the time of buyback;
  - (III) The monies paid by the Company for the following purposes shall be deducted from the distributable profits of the Company:
    - 1. Acquiring the right to buy back its shares;
    - 2. Changing the share buyback contract;
    - 3. Cancelling its obligations under the share buyback contract.
  - (IV) After the par value of the cancelled shares is deducted from the registered capital of the Company pursuant to relevant regulations, the amount deducted from the distributable profit for paying the par value of the shares bought back shall be stated in the premium account (or capital reserve account) of the Company.

## CHAPTER 5 TRANSFER OF SHARES

**Article 32** Unless otherwise specified in the laws, administrative regulations and the Listing Rules, all fully-paid shares of the Company can be transferred without any limitation and are not subject to any lien. Transfer of the Company's shares shall be registered with the share registrar(s) designated by the Company.

**Article 33** The Company shall not accept its own shares as pledge object.

Article 142 of  
the Company  
Law

**Article 34** The shares of the Company held by the promoters shall not be transferred within one year after incorporation of the Company. Shares already issued by the Company before public offering shall not be transferred within one year after the shares of the Company are listed on the stock exchange.

Article 141 of  
the Company  
Law

The directors, supervisors and senior executives shall report to the Company about their shareholdings and changes thereof and shall not transfer more than 25% of their shares per annum during their terms of office; the shares they hold in the Company shall not be transferred within one year after the shares of the Company are listed. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.

**Article 35** If the directors, supervisors, senior executives of the Company or any shareholders who holds more than 5% of the domestic shares of the Company, sell his/her shares in the Company or other securities with an equity nature within six months of his/her purchase, or purchase the shares or other securities with an equity nature again within six months after the sale, the profits thus made shall accrue to the Company and the Board shall collect all such profits. However, if a securities company purchases all the unsold underwritten shares and therefore holds more than 5% of the shares, it is not subject to the six months restriction against selling such shares, and other circumstances stipulated by the securities regulatory authority under the State Council are excluded.

Article 44 of  
the Securities  
Law  
Article 29 of  
the Guidelines  
on Articles

The shares or other securities with an equity nature held by directors, supervisors, senior executives and individual shareholders referred to in the preceding paragraph include the shares or other securities with an equity nature held by their spouses, parents, and children, and any of the above which is indirectly held in others' accounts.

If the Board fails to comply with the provision set out in paragraph (1) of this Article, the shareholders have the right to request the Board to do so within 30 days. The shareholders have the right to initiate litigation in the court directly in their own name for the interests of the Company if the Board fails to comply with the provision within the period specified hereinabove.

If the Board refuses to comply with paragraph (1) of this Article, the directors at fault shall be collectively responsible under the relevant laws.

## **CHAPTER 6 FINANCIAL ASSISTANCE TO ACQUIRE SHARES OF THE COMPANY**

**Article 36** The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to purchasers or potential purchasers of the Company's shares. The aforesaid purchasers include persons directly or indirectly undertaking obligations because of the purchase of the Company's shares. Article 29 of the Mandatory Provisions

The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.

The provisions herein do not apply to the circumstances set out in Article 38 of this Chapter.

**Article 37** Financial assistance referred to in this Chapter includes (but is not limited to) the following: Article 30 of the Mandatory Provisions

- (I) Gift;
- (II) Guarantee (including the case where the guarantor undertakes liability or provides property to ensure fulfilment of obligations by the obligor), compensation (excluding compensation for the Company's own error), termination or waiver of rights;
- (III) Provision of loan or execution of contract under which the Company fulfils obligations prior to other parties, change of the said loan and the parties to the contract, and transfer of the said loan and rights under the contract; and
- (IV) Provision of any other form of financial assistance when the Company is insolvent, has no net assets or its net assets are likely to decrease significantly.

Obligations referred to herein include the obligations undertaken by the obligor for entering into a contract or making an arrangement (regardless whether the said contract or arrangement is enforceable or whether it is undertaken by the obligor individually or jointly with others) or for changing his financial position in any form.

- Article 38** The following acts are not deemed as prohibited under Article 36 of this Chapter: Article 31 of the Mandatory Provisions
- (I) The Company provides the relevant financial assistance truthfully in the interest of the Company and the said financial assistance is not mainly intended to buy back the Company's shares or the said financial assistance is part of a general plan of the Company;
  - (II) The Company distributes its properties as dividends in accordance with the law;
  - (III) The Company distributes shares as dividends;
  - (IV) The Company decreases the registered capital, buys back shares and adjusts the equity structure in accordance with the Articles of Association;
  - (V) The Company, within its business scope, provides loan for its normal business operations (but such financial assistance shall not give rise to a decrease of the net assets of the Company, or despite a decrease, such financial assistance is deducted from the distributable profit of the Company); and
  - (VI) The Company provides loan for the employee stock ownership plan (but such financial assistance shall not give rise to a decrease of the net assets of the Company, or despite a decrease, such financial assistance is deducted from the distributable profit of the Company).

## **CHAPTER 7 SHARES AND SHAREHOLDERS' REGISTER**

- Article 39** The Company's shares are all registered shares. Article 32 of the Mandatory Provisions and Article 129 of Company Law
- Matters specified in the Company's shares shall include:
- (I) Company name;
  - (II) Date of incorporation of the Company;
  - (III) Type of shares, par value and number of shares represented;
  - (IV) Stock number;
  - (V) Other matters to be specified pursuant to the *Company Law*, Special Provisions and as required by the stock exchange on which the Company's shares are listed.



During the period when H shares are listed on the Hong Kong Stock Exchange, the Company shall ensure all listing documents and ownership certificates of all its shares listed on the Hong Kong Stock Exchange (including H shares) shall include the following statements, and shall instruct and promote its share registrar to reject any subscription, purchase or transfer of the shares registered in the name of any individual holder, unless and until the said individual holder has submitted to the said share registrar the signed form relating to the said shares, which form shall include the following statements:

Rule 52 of  
Chapter 19A  
of Listing  
Rules

- (I) The share buyer agrees with the Company and each of its shareholders, and the Company agrees with each shareholder to observe and comply with the *Company Law*, *Special Provisions*, other relevant laws, administrative regulations and the Articles of Association.
- (II) The share buyer agrees with the Company and the Company's each shareholder, director, supervisor, general manager and senior executive, and the Company acting on its behalf and for each director, supervisor, general manager and senior executive agrees with each shareholder, to refer all disputes or claims arising from the Articles of Association or from the rights or obligations specified in the *Company Law* or other relevant laws or administrative regulations with respect to the Company's affairs to arbitration in accordance with the Articles of Association, and that any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct a public hearing in open session and to publish its arbitration award, and the arbitration award shall be final and conclusive.
- (III) The share buyer agrees with the Company and each of its shareholders that the shares of the Company can be transferred freely by the holders.

The share buyer authorizes the Company to conclude contract on his behalf with each director and senior executive, who shall undertake to observe and fulfil duties for shareholders as specified in the Articles of Association.

#### Article 40

Shares shall be signed by the chairman of the Board. Other relevant senior executives of the Company shall also sign the shares if required by the stock exchange with which the Company's shares are listed. The shares shall come into effect after stamping or printing of the corporate seal on the shares. The shares shall only be stamped with the corporate seal under the authorization of the Board. The signature of the chairman or other relevant senior executive of the Company may also be printed on the shares. Issuance or trading of the shares of the Company in a non-paper form shall comply with other regulations of the securities regulatory authority and the stock exchange at the location where the Company's shares are listed.

Article 33 of  
the Mandatory  
Provisions  
Zheng Jian  
Hai Han No. 1

**Article 41** The Company shall establish a shareholders' register recording the following matters: Article 34 of  
the Mandatory  
Provisions

- (I) Names, addresses (domiciles), occupations or features of the shareholders;
- (II) Type and number of shares held by the shareholders;
- (III) Monies paid or payable for the shares held by the shareholders;
- (IV) The serial numbers of the shares held by the shareholders;
- (V) Date on which the shareholders are registered as shareholders; and
- (VI) Date on which the shareholders terminate as shareholders.

The shareholders' register is a sufficient evidence of the shareholders' shareholdings in the Company unless there is evidence to the contrary.

Subject to the Articles of Association and other applicable requirements, once the shares of the Company are transferred, the name of the transferee shall be listed in the shareholders' register as the holder of the said shares.

Transfer of shares shall be recorded in the shareholders' register.

Where two or more persons are registered as joint shareholders of any shares, they shall be deemed as the joint holders of the said shares subject to the following restrictions:

- (I) The Company shall not need to register more than four persons as joint shareholders of any shares;
- (II) The joint shareholders of any shares shall jointly and individually assume the responsibility for amounts of fees payable for relevant shares;
- (III) In the event that any shareholder among the joint shareholders deceases, only the other remaining joint shareholders shall be deemed by the Company as the owners of the relevant shares. However, the Board may, for the purpose of modifying the shareholders' register, require the provision of a death certificate of the relevant shareholder as it deems appropriate;

- (IV) Among the joint shareholders of any shares, only the joint shareholder listed first in the shareholders' register has the right to take relevant shares from the Company and receive notices of the Company, and any notice served to the said person shall be deemed as having been served to all the joint shareholders of the relevant shares. Any joint shareholder may sign the form of proxy. If there are more than one joint shareholder present in person or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint shareholders. For this purpose, seniority of the shareholders will be determined by the order in which the names of the joint shareholders of the relevant shares stand in the shareholders' register; and
- (V) If any of the joint shareholders sends to the Company a receipt of any dividend, bonus or capital return payable to the said joint shareholders, the said receipt shall be deemed as a valid receipt sent by the said joint shareholders to the Company.

**Article 42**

The Company may keep overseas the register of holders of overseas listed foreign shares and entrust it to the care of an overseas agency in accordance with the understanding and agreement reached between the securities regulatory authority under the State Council and the overseas securities regulatory authority.

Article 35 of  
the Mandatory  
Provisions  
Zheng Jian  
Hai Han  
No. 2 and  
Sec. 1(b) of  
Appendix  
13D to Listing  
Rules

The Company shall keep in Hong Kong the original of the register of holders of shares listed on the Hong Kong Stock Exchange in the register of holders of overseas listed foreign shares and keep at its domicile copies of the said register; the entrusted overseas agency shall always ensure that the original and copies of the register of holders of overseas listed foreign shares are consistent.

Where the original and copies of the register of holders of overseas listed foreign shares are inconsistent, the original shall prevail.

The Hong Kong branch register of holders must be available for inspection by shareholders, but the company may be allowed to close the register of members on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

**Article 43**

The Company shall keep a complete shareholders' register.

Article 36 of  
the Mandatory  
Provisions

The shareholders' register shall include the following parts:

- (I) Shareholders' register kept at the domicile of the Company, save as specified in (II) and (III) herein;
- (II) The Company's listed foreign overseas listed; and
- (III) Shareholders' register that the Board decides to keep in other place for the purpose of listing the shares of the Company.

**Article 44** The respective parts of the shareholders' register shall not overlap each other. In the event of transfer of shares registered in a specific part of the shareholders' register, the said shares shall not be registered in any other part of the shareholders' register in the duration of the registration of the said shares.

Article 37 of  
the Mandatory  
Provisions,  
Zheng Jian  
Hai Han No.  
12

All H shares for which full payment has been made may be transferred freely in accordance with the Articles of Association; save under the following conditions, the Board may refuse to recognize any transfer instrument without providing any reason:

- (I) The transfer instrument and other instruments relating to the ownership of any share or affecting transfer of the share ownership shall be registered, and relevant payment shall be made to the Company according to the expense standard specified in the Listing Rules of the Hong Kong Stock Exchange, but the said payment shall not exceed the maximum expense specified by the Hong Kong Stock Exchange in the Listing Rules from time to time;
- (II) The transfer instrument only involves H shares listed in Hong Kong;
- (III) Stamp tax has been paid for the transfer instrument;
- (IV) Relevant shares and other evidence reasonably required by the Board to prove that the transferor has the right to transfer the said shares have been submitted;
- (V) If the shares are intended to be transferred to joint holders, the number of the registered joint shareholders shall not exceed four;
- (VI) The relevant shares are not subject to lien of any company; and
- (VII) Any shares shall not be transferred to minors or mentally defective persons or other persons with no legal capacity.

Should the Company refuse to register any transfer of shares, it shall, within two months from the date of the formal application for the transfer, provide the transferor and the transferee with a written notice stating its refusal of registration of such transfer.

Any change or correction of any part of the shareholders' register shall comply with the law of the location where the said part is kept.

- Article 45** Transfer of all overseas listed foreign shares listed in Hong Kong shall be executed with a written transfer instrument in a general or common format or any other format accepted by the Board (including the standard transfer format or transfer form specified by the Hong Kong Stock Exchange from time to time); the said transfer instrument may be signed by hand, or be stamped with the corporate seal (if the transferor or the transferee is a company). If the transferor or the transferee is a recognized clearing house as defined in relevant ordinances that take effect from time to time in accordance with Hong Kong laws (“recognized clearing house”) or proxy thereof, the transfer form can be signed by print. Required by recognized clearing house
- All transfer instruments shall be kept at the legal address of the Company, the address of share registrar or other place designated by the Board from time to time.
- Article 46** Change of the shareholders’ register arising from share transfer shall not be registered within 30 days before convening of a general meeting or within five days prior to the benchmark date on which the Company decides to distribute dividends. If the laws, administrative regulations, departmental rules, normative documents and the relevant stock exchange or the regulatory authority at the location where the Company’s shares are listed provides otherwise during the period of closure of the register of members prior to a general meeting or before the benchmark date on which the Company decides to distribute dividends, such regulations shall prevail. Article 38 of the Mandatory Provisions
- Article 47** If the Company convenes a general meeting, distributes dividends, conducts liquidation or executes any other act requiring recognition of equity, the Board shall designate a certain date as equity determination date, at the end of which the shareholders in the register shall be shareholders of the Company. Article 39 of the Mandatory Provisions
- Article 48** If any person objects to the shareholders’ register and asks to have his name recorded in or deleted from the shareholders’ register, the said person may apply to the court with jurisdiction to correct the shareholders’ register. Article 40 of the Mandatory Provisions
- Article 49** If any shareholder in the shareholders’ register or any person requesting to have his name recorded in the shareholders’ register has lost his shares (i.e. “the original shares”), the said shareholder or person may apply to the Company to reissue new shares for the said shares (i.e. “the relevant shares”). Article 41 of the Mandatory Provisions
- Application for reissuance of lost shares held by holders of domestic shares and holders of unlisted foreign shares shall be processed in accordance with the *Company Law*.
- Application for reissuance of lost shares by holders of overseas listed foreign shares may be processed pursuant to the law, regulation of the stock exchange or other relevant regulation of the place where the original of the shareholders’ register of overseas listed foreign shares is kept.

Application for reissuance of lost shares held by holders of overseas listed foreign shares listed in Hong Kong shall meet the following requirements:

- (I) The applicant shall submit an application with the standard format designated by the Company and attach a notarial deed or statutory statement. The content of the notarial deed or statutory statement shall include the reason for application, information about how the shares are lost, and a statement that no other person may request to be registered as shareholder for the relevant shares.
- (II) Before deciding to reissue new shares, the Company has not received a statement that anybody other than the applicant requests to be registered as shareholder for the said shares.
- (III) After deciding to reissue new shares to the applicant, the Company shall publish announcement of reissuance of new shares on the newspapers designated by the Board; the announcement period is 90 days, with at least one announcement in 30 days.
- (IV) Before publishing the announcement of reissuance of new shares, the Company shall submit a copy of the to-be-published announcement to the stock exchange with which the Company is listed, and may publish the announcement only after receiving a reply from the said stock exchange confirming that the said announcement has been displayed in the stock exchange. The duration of display of the said announcement in the stock exchange is 90 days.

If the application for reissuing shares is not approved by the registered holder of the relevant shares, the Company shall mail a copy of the to-be-published announcement to the said shareholder.

- (V) If, after expiry of the 90-day period of announcement and display specified in (III) and (IV) of this Article, the Company has not received any objection to reissuance of shares, the Company may reissue new shares as requested by the applicant.
- (VI) When the Company reissues new shares pursuant to this Article, the Company shall immediately deregister the original shares, and record such deregistration and reissuance in the shareholders' register.
- (VII) All the expenses for deregistering the original shares and reissuing new shares shall be borne by the applicant. The Company may refuse to take any action before the applicant provides any reasonable guarantee.

**Article 50** After the Company reissues new shares in accordance with the Articles of Association, the name of the bona fide purchaser of the aforesaid new shares or the shareholder later registered as owner of the said shares (if he is a bona fide purchaser) shall not be deleted from the shareholders' register. Article 42 of the Mandatory Provisions

**Article 51** The Company shall have no obligation to compensate any person for any loss arising from deregistration of the original shares or reissuance of new shares, unless the said person can prove that the Company has committed any fraud. Article 43 of the Mandatory Provisions



## CHAPTER 8 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

- Article 52** Shareholders of the Company are persons lawfully holding shares of the Company, with names recorded in shareholders' register. Article 44 of the Mandatory Provisions
- The shareholders enjoy rights and fulfil obligations as per the type and number of shares they hold; shares of the same type represent the same rights and the same obligations. All class shareholders of the Company enjoy the same rights in dividend distribution or distribution made in other form.
- If any shareholder is a legal person, its legal representative or proxy thereof shall exercise its rights on its behalf.
- The Company shall not exercise any right to freeze or otherwise damage the rights attached to any shares directly or indirectly held by any person only on the ground that the said person has not disclosed his equity to the Company.
- Article 53** The ordinary shareholders of the Company shall be entitled to the following rights: Article 45 of the Mandatory Provisions and Article 97 of the Company Law
- (I) To receive dividends and other profit distributions in proportion to the shares they hold;
  - (II) To attend general meetings either in person or by proxy and exercise the voting right;
  - (III) To supervise, present suggestions on or make inquiries about the business activities of the Company;
  - (IV) To transfer shares in accordance with the laws, administrative regulations and the Articles of Association;
  - (V) To obtain relevant information in accordance with the Articles of Association, including: Article 32 of the Guidelines on Articles
    - 1. Obtaining the copy of the Articles of Association after payment of production cost;
    - 2. Being entitled to access by shareholders free of charge and copy after payment of reasonable expenses by shareholders:
      - (1) Copies of all shareholders' registers;
      - (2) Minutes of the general meetings;
      - (3) Copies of resolutions of the Board meetings and meetings of the Supervisory Committee;
      - (4) Personal information of the Company's directors, supervisors, general manager and other senior executives, including:
        - (a) Present and former names and aliases;
        - (b) Principal address (domicile);



- (c) Nationality;
  - (d) Full-time and all part-time occupations and duties;
  - (e) Identity certificates and numbers thereof.
- (5) Report of status of the issued share capital of the Company;
- (6) Reports of the total par value, number of shares, and the highest and lowest prices of each class of shares bought back by the Company since the last fiscal year, and the total expense paid by the Company for this purpose (by domestic shares and external shares (and H shares, if applicable));
- (7) The Company's special resolutions;
- (8) The latest audited financial statements of the Company, and the reports of directors, auditors, and supervisors; and
- (9) Copy of the latest corporate annual report filed with the industry and commerce authority of China or other competent authorities;

Rule 50 of  
Chapter 19A  
of Listing  
Rules

3. Counterfoils of corporate bonds;

The Company shall publish the documents as referred to in (5) to (9) above and any other applicable document on Hong Kong Stock Exchange website and the Company's website as per the requirements of the Listing Rules. The Company shall keep at its Hong Kong address the documents as referred to in (1) and (2) for shareholders' inspection free of charge, and copy by shareholders at reasonable expenses. Shareholders of the Company can also inspect the resolutions of the meetings of the Board and the Supervisory Committee of the Company, as well as the counterfoils of any corporate bonds. If any shareholder requests access to the aforesaid relevant or provision of data, the said shareholder shall provide the Company with written documents bearing evidence of the type and number of shares held by the said shareholder, and the Company will provide the said information as required by the said shareholder upon authentication of the said shareholder.

- (VI) In the event of termination or liquidation of the Company, to participate in the distribution of the remaining assets of the Company as per their shares;
- (VII) For shareholders objecting to resolutions of the general meeting concerning merger or division of the Company, to require the Company to buy their shares;
- (VIII) Pursuant to the *Company Law* or other laws and administrative regulations, to institute legal proceedings to the People's Court and claim related rights concerning any act infringing upon the interests of the Company or the legitimate rights and interests of the shareholders;
- (IX) To exercise other rights specified by laws, administrative regulations, departmental rule, listing rules at the location where the Company's shares are listed and the Articles of Association.

**Article 54**

If the contents of a shareholders' resolution or a Board resolution is in violation of the laws and administrative regulations, the shareholders shall have the right to request the People's Court to invalidate such resolution.

Article 34 of  
the Guidelines  
on Articles

If the meeting convening procedures and voting methods adopted at a general meeting or Board meeting are in violation of the laws and administrative regulations or the Articles of Association, or if the contents of the resolution at such meeting are in breach of the Articles of Association, the shareholders shall have the right to request the People's Court to revoke the resolution within 60 days from the date of that resolution.

**Article 55**

If a director or senior executive breaches the law, administrative regulation or the Articles of Association in the course of carrying out his/her duties for the Company and incur losses to the Company, shareholders who individually or together with others hold 1% or more of the Company's shares for more than 180 days continuously shall have right to request in writing the Supervisory Committee to initiate litigation at the People's Court. If the Supervisory Committee breaches the law, administrative regulations or the Articles of Association when carrying out its duties for the Company, and incurs losses to the Company, the shareholders can request in writing the Board to initiate litigation at the People's Court.

Article 35 of  
the Guidelines  
on Articles

If the Supervisory Committee or the Board refuse to initiate litigation after receiving the shareholders' written request under the preceding paragraph, or does not initiate litigation within 30 days of receiving the request, or if the situation is so urgent that the Company will suffer irrevocable losses without an immediate litigation, the shareholder under the preceding paragraph can initiate litigation directly at the People's Court in his/her own name for the interests of the Company.

If any person intervenes with the legal interests of the Company, resulting in losses suffered by the Company, a shareholder under the first paragraph of this Article can initiate litigation at the People's Court in accordance with the two preceding paragraphs.

**Article 56** If a director or senior executive breaches the law, administrative regulation, or the Articles of Association and damages shareholders' interests, the shareholders can initiate litigation at the People's Court. Article 36 of the Guidelines on Articles

**Article 57** The ordinary shareholders of the Company shall have the following obligations: Article 46 of the Mandatory Provisions and Articles 37 and 38 of the Guidelines on Articles

- (I) To observe the Articles of Association;
- (II) To pay subscription funds as per the shares subscribed and the method of subscription;
- (III) Not to exit shares unless in the circumstances stipulated by laws and regulations;
- (IV) Not to abuse the shareholders' rights to damage the interests of the Company or other shareholders or the independent legal person status of the Company or shareholders' limited liability to damage the interests of the creditors of the Company; if any shareholder of the Company abuses his shareholder's right, thereby incurring any loss of the Company or other shareholders, the said shareholder shall be liable for compensation according to law. If any shareholder of the Company evades the payment of debts by misusing the independent legal person status of the Company or shareholders' limited liability, thereby seriously harming the interests of the creditors of the Company, the said shareholder shall bear joint liability for such debts of the Company;
- (V) To fulfil other obligations stipulated by laws, administrative regulations and the Articles of Association.

Shareholders do not have the obligation to increase any share capital unless under the conditions accepted by the subscribers at the time of subscription.

If any shareholder holding more than 5% voting shares of the Company pledges the said voting shares, the said shareholder shall submit a written report to the Company on the date on which the said pledge is executed.

**Article 58** Save for the obligations under the laws, administrative regulations or the listing rules of the stock exchange with which the Company's shares are listed, the controlling shareholders (as defined in Article 59), in exercising their rights as shareholders, shall not make any decision detrimental to the interests of all or some shareholders as a result of the exercise of their voting rights on the following issues: Article 47 of the Mandatory Provisions

- (I) Exempting directors and supervisors from the obligation to act honestly in the best interest of the Company in good faith;
- (II) Allowing directors and supervisors (for the interests of their own or others) to seize from the Company its asset in any way, including (but not limited to) any opportunity favourable to the Company;
- (III) Allowing directors and supervisors (for the interests of their own or others) to seize from other shareholders their personal rights and interests, including (but not limited to) any right to profit distribution and right to vote, but excluding corporate reorganization submitted for adoption at the general meeting pursuant to the Articles of Association.

The controlling shareholders and actual controllers of the Company shall not use the connected relations to damage the interests of the Company; otherwise, they shall make compensation for the loss incurred to the Company. Article 39 of the Guidelines on Articles

The controlling shareholders and actual controllers of the Company shall be honest to the Company and general public shareholders. The controlling shareholders shall duly exercise contributors' rights according to law, shall not damage the legitimate rights and interests of the Company and general public shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation and loan guarantee and shall not abuse its controlling status to damage the interests of the Company and general public shareholders.

**Article 59** A controlling shareholder, as referred to in the preceding article, is a person who has any of the following conditions: Article 48 of the Mandatory Provisions

- (I) When acting alone or acting in concert with other persons, such a person can select more than half of the Company's directors;
- (II) When acting alone or acting in concert with other persons, such a person can exercise more than 30% (inclusive) of the voting rights of the Company or control the exercising of more than 30% (inclusive) of the voting rights of the Company;
- (III) When acting alone or acting in concert with other persons, such a person holds more than 30% (inclusive) of the outstanding shares of the Company;
- (IV) When acting alone or acting in concert with other persons, such a person has de facto control of the Company by other methods.

## CHAPTER 9 GENERAL MEETINGS

- Article 60** The general meeting shall be the authority of power of the Company and shall exercise its functions and powers according to law. Article 49 of the Mandatory Provisions
- Article 61** A general meeting shall exercise the following functions and powers: Article 50 of the Mandatory Provisions and Articles 99 and 121 of the Company Law
- (I) To decide the business operation guideline and investment plan for the Company;
  - (II) To elect and replace directors and to decide on matters relating to remuneration of the directors;
  - (III) To elect and replace supervisors who are not the employee representative and to decide on matters relating to remuneration of the supervisors;
  - (IV) To examine and approve reports of the Board;
  - (V) To examine and approve reports of the Supervisory Committee;
  - (VI) To examine and approve the annual financial budgets and final accounting plans of the Company;
  - (VII) To examine and approve the Company's profit distribution plan and loss recovery plan;
  - (VIII) To resolve on increase or decrease of the registered capital of the Company;
  - (IX) To resolve on the merger, division, dissolution, liquidation or transformation of the Company;
  - (X) To resolve on the issuance of corporate bonds and other securities and the listing of the Company;
  - (XI) To resolve on the appointment, removal or non-reappointment of certified public accountants of the Company;
  - (XII) To amend the Articles of Association;
  - (XIII) To examine proposals made by shareholders severally or jointly representing more than 1% of the voting shares of the Company;
  - (XIV) To examine and approve the guarantees under Article 62;
  - (XV) To examine the Company's purchase or disposal of major assets within one year or matters with the amount guaranteed exceeding 30% of the total assets of the Company;
  - (XVI) To examine and approve any changes to the use of proceeds;

(XVII) To review share incentive plans;

(XVIII) To resolve on other matters which, in accordance with the laws, administrative regulations, listing rules of the stock exchange with which the Company's shares are listed and the Articles of Association, shall be approved by a general meeting.

**Article 62** The following external guarantees of the Company must be reviewed and approved at the general meeting: Article 41 of the Guidelines on Articles

- (I) Any guarantee to be provided after the total external guarantee provided by the Company and its controlled subsidiaries has exceeded 50% or more of the latest audited net assets;
- (II) Any guarantee to be provided after the total external guarantee provided by the Company has exceeded 30% or more of the latest audited total assets;
- (III) Any guarantee to be provided to an entity whose debt equity ratio exceeds 70%;
- (IV) Any single guarantee the amount of which exceeds 10% of the latest audited net assets;
- (V) Any guarantee to be provided to the shareholders, actual controller and their associates; and
- (VI) Other guarantees which are required to be approved by the Company's general meetings under the laws, regulations, rules of the stock exchanges where the Company's shares are listed or the Articles of Association.

**Article 63** The Company may not enter into any contract with anyone other than a director, supervisor, general manager or other senior executive to have all or significant part of the Company's business in the care of the said person, unless approved by the shareholders at a general meeting beforehand. Article 51 of the Mandatory Provisions

**Article 64** General meetings are classified into annual general meetings and extraordinary general meetings. General meetings shall be convened by the Board. Annual general meetings shall be convened once a year within six months after the end of the preceding fiscal year. Article 52 of the Mandatory Provisions and Article 100 of the Company Law

In any of the following circumstances, the Board shall convene an extraordinary general meeting within two months:

- (I) The number of directors falls short of the minimum number required by the Company Law or is less than two-thirds of the number required by the Articles of Association;
- (II) The unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;

- (III) When shareholder(s), individually or jointly, holding 10% or more of the Company's issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;
- (IV) The Board deems it necessary, or the Supervisory Committee proposes, to convene an extraordinary general meeting;
- (V) In any other circumstance so specified in laws and regulations, the Listing Rules and the Articles of Association.

**Article 65**

The venue for holding general meetings is the Company's registered office or other venue set out in the notice of the general meeting.

Articles 44 and 88 of the Guidelines on Articles and Article 21 of Rules of Shareholders' General Meeting of Listed Companies

A venue shall be set up for convening the general meetings on-site. The Company, subject to ensuring that such meetings are legal and valid, can facilitate shareholders' attendance at such meetings via various means and methods, such as video conference, telephone, online voting platform or other modern information technology means. Shareholders attending the general meeting by the above methods are deemed present at the meeting.

For any general meetings held online or via other methods, the voting time and procedure for the relevant voting methods shall be set out clearly in the notice of the general meeting.

**Article 66**

When the Company holds a general meeting, it shall engage lawyers to witness the meeting, and provide legal opinions and prepare announcements on the following matters in accordance with the rules of the stock exchanges on which the shares are listed:

Article 45 of the Guidelines on Articles

- (I) Whether the procedures for convening and holding the general meeting comply with the requirements of the relevant laws, administrative regulations, and the Articles of Association;
- (II) Whether the qualifications of the attendees and the convener are legally valid;
- (III) Whether the voting procedures and results of the general meeting are legally valid;
- (IV) Provide legal opinion on any other matters as may be required by the Company.

**Article 67**

Where the Company convenes a general meeting, the convener shall notify all the shareholders by means of public announcement at least 20 days before the date of the annual general meeting and at least 15 days before the date of the extraordinary general meeting.

Article 53 of the Mandatory Provisions

The duration of the aforesaid periods shall not include the date of such announcement and the date of the meeting. The "business day" in the Articles of Association shall mean a day on which the Hong Kong Stock Exchange is open for business for dealing in securities.



<b>Article 68</b>	<p>The contents of the resolutions must be within the scope of duties of general meetings. It must contain clear topics and detailed matters to be resolved at the meeting, and be in compliance with the relevant laws, administrative regulations and the Articles of Association.</p> <p>At general meetings of the Company, the Board, the Supervisory Committee, and shareholder(s) individually or jointly holding more than 1% of the Company's shares shall have the right to propose motions to the Company. The content of a proposal shall be determined by the general meeting, have definite topics and specific issues for resolution, and shall comply with the provisions of the laws, regulations and the Articles of Association.</p> <p>Shareholder(s) individually or jointly holding more than 1% of the Company's shares may submit a written provisional motion to the convener 10 days before a general meeting is convened; the convener shall issue a supplementary notice of general meeting within two days after receipt of the said provisional motion, to notify other shareholders and to submit the said provisional proposal to the general meeting for consideration.</p> <p>Except as provided in the preceding paragraph, after the convener issues a public notice of the general meeting, he/she shall not change the proposals or add any new proposals in the notice of the general meeting.</p> <p>Proposals not set out in the notice of general meeting or not complying with the provision herein shall not be voted on or resolved at the general meeting.</p>	<p>Article 54 of the Mandatory Provisions, Article 102 of the Company Law and Articles 52 and 53 of the Guidelines on Articles</p>
<b>Article 69</b>	<p>The notice of a general meeting shall meet the following requirements:</p> <ul style="list-style-type: none"><li>(I) Is in written form;</li><li>(II) Specifies the venue, date and time of the meeting;</li><li>(III) States matters to be discussed at the meeting;</li><li>(IV) Provides such necessary information and explanations for shareholders to make an informed judgment on the matters to be considered. Without limitation to the generality of the foregoing, where a proposal is made with respect to the merger of the Company with another company, the repurchase of shares, the restructuring of share capital, or other reorganization of the Company, the terms of the proposed transaction must be provided in detail along with copies of the proposed contract (if any), and the reason(s) and effect of such proposal must be properly explained;</li><li>(V) contains a disclosure of the nature and extent of the material interests of any director, supervisor, general manager or other senior executives in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders insofar as it is different from the effect on interests of shareholders of the same class;</li></ul>	<p>Article 56 of the Mandatory Provisions</p>

- (VI) contains the full text of any special resolution to be proposed at the meeting;
- (VII) contains a clear statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his behalf and that such proxy need not be a shareholder of the Company; Rule 18 of Appendix 3 to Listing Rules
- (VIII) Sets out the equity registration date of shareholders who are entitled to attend the general meeting, and the interval between the equity registration date and the date of the meeting shall be subject to the requirements of the relevant stock exchange or the regulatory authority at the location where the Company's shares are listed;
- (IX) Specifies the time and venue for serving the power of attorney for the voting proxy for the meeting; and
- (X) Lists the name(s) and telephone number(s) of the contact person(s) for the meeting.

**Article 70**

If the election of directors or supervisors are proposed to be discussed at a general meeting, the notice of the general meeting must contain the details of the candidates for the directors and the supervisors. It must at least include the following information: Article 56 of the Guidelines on Articles

- (I) biographies such as educational background, work experiences and other simultaneous appointments;
- (II) whether he/she has any relationship with the Company, the controlling shareholder or the actual controller of the Company;
- (III) the number of shares he/she holds in the Company;
- (IV) whether he/she is subject to any punishment by the CSRC or any other relevant government department or sanctioned by any securities exchange.

Unless the election of directors and supervisors is to be conducted by way of cumulative voting, each candidate for the director or the supervisor shall be proposed in separate resolutions.

**Article 71** In the voting on the election of directors and supervisors at a general meeting, the cumulative voting system shall be adopted in accordance with the requirements of the regulatory authorities at the location where the Company's shares are listed, the provisions under the Articles of Association or the resolutions passed at the general meeting. Under the cumulative voting system, the independent directors and other members of the Board shall be elected separately.

The cumulative voting system mentioned in the preceding paragraph means that when directors or supervisors are being elected at a general meeting, each of the ordinary shares (including preferred shares with voting rights restored) shall carry the same number of voting rights as the number of directors or supervisors to be elected, and the shareholders' voting rights may be exercised collectively.

The ways of cumulative voting are as follows:

- (I) Each of the shares held by a shareholder shall carry the same number of voting rights as the number of director or supervisor candidates; when the Board or a qualified shareholder separately proposes the director or supervisor candidates, the number of voting rights carried by each share shall be calculated as per the number of non-repetitive director or supervisor candidates;
- (II) In casting his/her/its votes for the director or supervisor candidates, a shareholder may exercise his/her/its voting rights by allocating his/her/its voting rights evenly and cast for each director or supervisor candidate the same number of voting rights as the shares he/she/it holds; or he/she/it may focus on one particular director or supervisor candidate and cast for that candidate all the voting rights represented by all of his/her/its shares multiplied by the number of director or supervisor candidates; or he/she/it may allocate his/her/its voting rights over several director or supervisor candidates and cast for each of them part of the voting rights represented by all of his/her/its shares multiplied by the number of director or supervisor candidates;
- (III) Upon the exercise of his/her/its voting rights by focusing all the voting rights represented by all of his/her/its shares multiplied by the number of director or supervisor candidates on one or several of the director or supervisor candidates, a shareholder shall not have any right to vote for any other director candidates;

- (IV) If the total number of voting rights centrally exercised by a shareholder on one or several of the director or supervisor candidates exceeds the number of voting rights represented by all the shares held by him/her/it, the voting by such shareholder shall be invalid and the shareholder shall be deemed to have abstained from voting; if the total number of voting rights centrally exercised by a shareholder on one or several of the director or supervisor candidates is less than the number of voting rights represented by all the shares held by him/her/it, the voting by such shareholder shall be valid and the remaining voting rights held by such shareholder shall be deemed to be waived;
- (V) The director or supervisor candidates whose votes represent the most voting rights are elected as directors or supervisors;
- (VI) Independent directors and other directors shall be elected separately to ensure the proportion of independent directors in the Board of the Company.

**Article 72**

The notice of general meeting shall be delivered to shareholders (whether or not they are entitled to vote at the general meeting) by personal delivery or by prepaid mail to their addresses as shown in the shareholders' register, or by announcement on the website designated by the Company and the Hong Kong Stock Exchange in accordance with applicable laws, regulations and the Listing Rules. For holders of onshore-listed domestic shares, the notice of a general meeting may be issued in the form of public announcement.

Article 57 of  
the Mandatory  
Provisions

Public announcement referred to in the preceding paragraph shall be published in one or more newspaper(s) designated by the securities authority under the State Council. Once the announcement has been published, all holders of onshore-listed domestic shares shall be deemed to have received the notice of relevant general meeting.

**Article 73**

Once the notice for a general meeting is issued, the general meeting shall not be postponed or cancelled without a valid reason. Resolutions set out in the notice shall not be cancelled without a valid reason. In the event of a postponement or a cancellation, the convener of the meeting shall make a public announcement of the reason at least two working days before the date of the meeting as originally scheduled.

Article 57 of  
the Guidelines  
on Articles

**Article 74**

Where the notice of general meeting is issued by the Company as required by the relevant stock exchange or the regulatory authority at the location where the Company's shares are listed, the accidental omission to give notice of meeting to, or non-receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions adopted at the meeting.

Article 58 of  
the Mandatory  
Provisions

**Article 75** All shareholders recorded in the share register on the relevant share registration date shall have the right to attend the general meeting and exercise the voting rights in accordance with the relevant laws, regulations, the rules of the stock exchanges on which the shares are listed and the Articles of Association. Article 59 of the Mandatory Provisions and Article 59 of the Guidelines on Articles

Any shareholder entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one or more persons (whether a shareholder or otherwise) as his proxy/proxies to attend and vote on his behalf. The said proxy may exercise the following rights as granted by the said shareholder:

- (I) The shareholder's right to speak at the general meeting; Rule 14(3) of Appendix 3 to Listing Rules
- (II) To severally or jointly request to vote by ballot; and
- (III) Unless otherwise stated in applicable rules governing the listing of securities or other laws and regulations on securities, to exercise the right to vote by a show of hand or ballot. Where there is more than one proxy, the said proxy shall only vote by ballot.

In the event that a shareholder is a recognized clearing house (or proxy thereof), it may, as it sees fit, appoint one or more persons as its proxy to attend and vote at any general meeting or class general meeting. However, in the event that more than one person is so appointed, the power of attorney shall specify the number and class of the shares relating to each such proxy. The power of attorney shall be subject to the signature of the appointer of the recognized clearing house. The persons thus appointed may attend meetings (without certifying their due authorization by show of shareholding certificate, notarized power of attorney and/or further evidence) and exercise rights on behalf of the recognised clearing house (or proxy thereof) as if the said persons were the individual shareholders of the Company. Comments from recognized clearing house

**Article 76** If individual shareholders attend the meeting in person, he/she shall present his/her ID card or other valid documents, proof or stock account card to identify him/herself; if a proxy is appointed to attend the meeting, he/she shall present valid identity documents and power of attorney of the relevant shareholder. Article 60 of the Guidelines on Articles

As for a corporate shareholder, its legal representative or a proxy appointed by such legal representative shall attend the meeting, deemed to be present in person by such corporate shareholder. The legal representative who attends the meeting shall present his/her ID card, and valid certificates which can prove his/her qualification as a legal representative; if a proxy is appointed to attend the meeting, he/she shall present his/her ID card, the written power of attorney legally issued by the legal representative of the corporate shareholder in accordance with the relevant laws.

The clearing company shall be entitled to appoint proxies to attend general meetings of the Company and meetings of creditors, and these proxies or representatives of the Company shall have the same legal rights as other shareholders, including the right to speak and vote. Rule 19 of Appendix 3 to Listing Rules

**Article 77** The power of attorney shall be in writing under the hand of the principal or his proxy duly authorised in writing or, if the principal is a legal person, it shall be under seal or under the hand of a director or a proxy duly authorised. Article 60 of the Mandatory Provisions and Article 61 of the Guidelines on Articles

The power of attorney issued by the shareholder to appoint a proxy to attend the general meeting shall include the following contents:

- (I) Name of the proxy;
- (II) Whether he/she has the right to vote;
- (III) Instructions on voting for or against or abstaining from voting in respect to each matter set out in the agenda of the general meeting;
- (IV) Issuing date and validity period of the power of attorney;
- (V) Signature (or stamp) of the principal. If the principal is a corporate shareholder, the power of attorney shall be stamped with the corporate seal of the corporate shareholder;
- (VI) The number of shares held by the shareholder who is represented by the proxy;
- (VII) If several persons are appointed as the shareholder's proxies, the power of attorney shall specify the number of shares to be represented by each proxy.

**Article 78** The power of attorney for voting shall be deposited at the domicile of the Company or such other place as specified in the notice of meeting at least 24 hours prior to the meeting at which the proxy is authorized to vote or 24 hours before the scheduled voting time. If the relevant stock exchange or the regulatory authority at the location where the Company's shares are listed provides otherwise, such regulations shall prevail. Where such a power of attorney is signed by a person authorized by the principal, the power of attorney authorizing signature or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents shall, together with the power of attorney for voting, be deposited at the company's domicile or other location as specified in the notice of the meeting. Article 61 of the Mandatory Provisions

Where the principal is a legal person, its legal representative or a person authorized by the Board or other decision making body shall attend the general meeting of the Company on his behalf.

For the purpose of the Articles of Association, the appointed person's attending such meeting or taking any action at such meeting shall be deemed as the principal's attending such meeting or taking relevant action (as the case may be).



- Article 79** Any format issued to a shareholder by the Board of the Company for appointing a proxy shall provide the shareholder with the flexibility to instruct the proxy to vote for or against, and give directives on each of the resolutions to be decided at the meeting. This will not include the situation where the securities registration and clearing institution is the nominal shareholder of Shanghai-Hong Kong Stock Connect shares and declares in accordance to the instructions of the beneficial owners. Such a format shall contain a statement that, in default of directives, the proxy may vote as he thinks fit. Article 62 of the Mandatory Provisions and Article 89 of the Guidelines on Articles
- Article 80** A vote given by a proxy in accordance with the terms of the power of attorney shall be valid notwithstanding the death, loss of capacity, revocation of the power of attorney, revocation of the authority under which the proxy was executed, or the transfer of the share(s) in respect of which the proxy is given prior to voting, provided that no written notice of such death, loss of capacity, revocation or transfer has been received by the Company before the commencement of the meeting. Article 63 of the Mandatory Provisions
- Article 81** The meeting register for participants shall be made by the Company. The meeting register shall set out various matters, such as the names of the individual participants (or names of the corporate participants), ID card numbers, residential addresses, the number of shares with voting rights held or represented and the names of the individual proxy appointors (or names of the corporate proxy appointors). Article 64 of the Guidelines on Articles
- Article 82** The meeting convener and the lawyer employed by the Company shall examine the legitimacy of the shareholders' qualification in accordance with the shareholders' register provided by the securities registration and clearing institution, and register the names of the shareholders and the number of voting shares that they hold. The registration shall be terminated before the chairman announces the number of shareholders and proxies present at the meeting as well as the total number of voting shares they hold. Article 65 of the Guidelines on Articles
- Article 83** If the general meeting requires attendance by the directors, supervisors and senior executives, such directors, supervisors and senior executives should attend the meeting and answer inquiries from the shareholders. Article 150 of the Company Law
- Article 84** Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions. Article 64 of the Mandatory Provisions and Article 103 of the Company Law
- An ordinary resolution must be approved by votes representing more than one half of the voting rights of the shareholders (including proxies) present at the general meeting.
- A special resolution must be approved by the votes representing more than two-thirds of the voting rights of the shareholders (including proxies) present at the general meeting.



The attending shareholders (including proxies thereof) shall declare their affirmative or dissenting votes on every issue to be voted on; if the said shareholders or proxies thereof waive their rights of voting, the voting results representing the shares held by such voters shall be counted as “abstentions”. Blank, wrong, illegible or uncast votes shall be deemed as the voters’ waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as “abstentions”. Abstentions shall be counted in the votes voted with voting rights when the Company calculates the voting results of an issue.

**Article 85**

Shareholders (including proxies thereof) who vote at a general meeting shall exercise their voting rights as per the number of voting shares they represent. Each share carries the right to one vote.

Article 65 of the Mandatory Provisions, Article 103 of the Company Law, Rule 14 of Appendix 3 to Listing Rules and Articles 78, 79 and 86 of the Guidelines on Articles

When material issues affecting the interests of small and medium investors are being considered at the general meeting, the votes of such investors shall be counted separately. The separate counting results shall be promptly and publicly disclosed.

Shares held by the Company have no voting rights, and such shares will not be included in the total number of shares with voting rights at the general meeting.

The Board, independent non-executive directors, shareholders holding more than 1% of the voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the securities regulatory authority under the State Council (hereinafter referred to as “Investor Protection Institutions”) may act as proxy solicitors and, by themselves or through their appointed securities companies or securities service institutions, publicly invite the shareholders of the listed company to entrust it to attend the general meetings and exercise the rights of shareholders, such as to propose and vote on resolutions, on their behalf.

If the rights of shareholders are solicited in accordance with the preceding paragraph, the solicitors shall disclose the solicitation documents and the Company shall cooperate.

Soliciting voting rights from the shareholders with compensation or disguised compensation is prohibited.

If any public solicitation of shareholders’ rights violates laws, administrative regulations or relevant provisions of the securities regulatory authority under the State Council, thus causing the Company or its shareholders to suffer losses, the solicitors shall be liable for compensation according to laws.

When considering related transactions during the general meeting, the related shareholders must not participate in the voting, and the number of shares with voting rights represented by him/her shall not be included in the total number of valid votes. The announcement on the resolutions shall fully disclose the voting of the non-related shareholders.

Voting at the general meeting shall be conducted by poll with registration.

Pursuant to the applicable laws and regulations and the Listing Rules of the stock exchange on which the Company's shares are listed, whereas any shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any vote cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be tallied. Rule 14(4) of Appendix 3 to Listing Rules

**Article 86** Voting at general meetings shall be conducted by show of hands, unless the following persons require ballot voting before or after voting by show of hands or relevant regulations of securities regulatory authority at the location where the shares of the Company are listed require ballot voting: Article 66 of the Mandatory Provisions

- (I) Presider of the meeting;
- (II) At least two shareholders with voting rights or proxies thereof; or
- (III) One or more shareholders present in person or by proxy and representing 10% or more of all shares carrying the right to vote, individually or jointly, at the meeting.

Unless the said persons require voting by ballot, the presider shall announce the result of voting by show of hands on proposals, which result shall be recorded in the minutes as final evidence, without specifying the number or percentage of pros for or cons against the resolutions adopted at the meeting.

The request for ballot voting can be withdrawn by the proposer.

Where ballot voting is required by relevant regulations of securities regulatory authority at the location where the shares of the Company are listed, the presider may, in the spirit of fairness and honesty, allow voting by show of hands with respect to resolutions relating merely to procedure or administrative issues.

In the case of voting by ballot, the Company shall appoint a supervisor for counting votes in accordance with the Listing Rules and shall disclose relevant votes voted as required by laws, administrative regulations, relevant regulatory authority or the Listing Rules of the Hong Kong Stock Exchange.

**Article 87** If the issue required to be voted by ballot relates to election of chairman or termination of meeting, voting by ballot shall be conducted immediately; in respect of other issues required to be voted by ballot, the chairman may decide the time of voting by ballot, and the meeting may proceed to consider other issues. The voting results shall still be deemed as resolutions passed at the said meeting. Article 67 of the Mandatory Provisions

**Article 88** At a poll taken at a meeting, a shareholder (including the proxy thereof) entitled to two or more votes need not cast all his votes in the same manner. Article 68 of the Mandatory Provisions

The general meetings shall resolve on all motions separately.

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| <b>Article 89</b> | If pros and cons are equal, either by show of hands or by ballot, the presider shall be entitled to an additional vote.  | Article 69 of the Mandatory Provisions   |
| <b>Article 90</b> | <p>The following issues shall be approved by ordinary resolutions at a general meeting:</p> <ul style="list-style-type: none"> <li>(I) Work reports of the Board and the Supervisory Committee;</li> <li>(II) Profit distribution plans and loss recovery plans formulated by the Board;</li> <li>(III) Appointment and removal of the members of the Board and supervisors who are not the employee representatives, their remuneration and the method of payment thereof;</li> <li>(IV) Annual budgets, final accounts, balance sheets, income statements, and other financial statements of the Company; and</li> <li>(V) Other issues than those that should be passed by special resolutions pursuant to laws, administrative regulations, the Listing Rules or the Articles of Association.</li> </ul>   | Article 70 of the Mandatory Provisions   |
| <b>Article 91</b> | <p>The following issues shall be approved by special resolutions at a general meeting:</p> <ul style="list-style-type: none"> <li>(I) Increase or reduction in share capital of the Company and the issue of shares of any class, warrants and other similar securities;</li> <li>(II) Issue of bonds of the Company;</li> <li>(III) Division, merger, dissolution, liquidation or transformation of the Company;</li> <li>(IV) Revision of the Articles of Association;</li> <li>(V) Any other issue confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by a special resolution;</li> <li>(VI) The Company's acquisition or disposal of major assets within one year with the transaction amount exceeding 30% of the total assets of the Company; and</li> <li>(VII) Other issues requiring adoption by special resolution pursuant to the Articles of Association and the Listing Rules.</li> </ul> | <p>Article 71 of the Mandatory Provisions and Articles 103 and 121 of the Company Law</p> <p>Rule 16 and 21 of Appendix 3 to Listing Rules</p> |

- Article 92** Shareholder(s) individually or collectively holding more than 10% of the Company's total voting shares may request convening an extraordinary general meeting or class meeting, and shall follow the procedures below: Article 72 of the Mandatory Provisions, Article 101 of the Company Law and Articles 46 to 51 of the Guidelines on
- (I) Shareholder(s) individually or collectively holding more than 10% of the Company's total voting shares may sign one or several written requests with the same format and content and propose that the Board convene an extraordinary general meeting or class meeting, and specify the topics of the meeting. The Board shall provide a written feedback on whether to agree to convene an extraordinary or class meeting within ten days upon receipt of the aforesaid written request. If the Board agrees to convene an extraordinary or class meeting, it will issue a notice about convening the meeting within five days after passing the resolution. If the notice modifies the original request, consent shall be obtained from the relevant shareholder. The aforesaid amount of shareholding is calculated as of the day when the relevant shareholder makes the written request.
- (II) If the Board fails to issue a notice of meeting within 30 days after receipt of the aforesaid written request, the requesting shareholder may itself convene a meeting within four months after the Board receives the said request, and the meeting convening procedure shall to the extent possible be the same as the procedure by which the Board convenes a general meeting.
- (III) If the Board does not agree to convening an extraordinary general meeting or provides no feedback within 10 days after receiving the request, the shareholder who individually or collectively holds more than 10% of the Company's shares has the right to propose convening an extraordinary general meeting and shall make a written request to the Supervisory Committee.
- If the Supervisory Committee approves the request, it will issue a notice about convening the meeting within five days of receiving the request. If the notice modifies the proposed resolution in the original request, consent must be obtained from the relevant shareholder.
- If the Supervisory Committee fails to issue a notice of the general meeting, it will be deemed that the Supervisory Committee will not convene or preside over the meeting. Therefore, the shareholders who individually or collectively hold more than 10% of the total shares of the Company for over 90 consecutive days can convene and preside over the meeting by themselves.
- If any general meeting or class meeting is called by the shareholders themselves, the shares held by those shareholders shall not be less than 10% of the total shares of the Company, before announcing the resolutions of the meeting.

If the independent non-executive directors or the Supervisory Committee requests to convene an extraordinary general meeting, the following procedures are required to be followed:

- (I) Sign one or more written requests with the same format and contents, which request the Board to hold the extraordinary general meeting and explain the topic of the meeting. Within ten days after receiving the above-mentioned written request, the Board must provide written feedback regarding approval or rejection of the request.
- (II) If the Board approves the request, it shall provide a notice about convening the meeting within five days after passing the resolution. If the notice modifies the original request, consent shall be obtained from the original requester.
- (III) If the Board rejects the request from the independent non-executive directors, it shall explain and make a public announcement of the relevant reasons.
- (IV) If the Board rejects the request from the Supervisory Committee, or provides no feedback within ten days after receiving the request, the Board shall be deemed to be unable to or will not fulfill the obligations of convening the meeting and the Supervisory Committee can convene and preside over the meeting itself.

If the meeting is convened by the Supervisory Committee or the shareholders themselves, a written notice shall be sent to the Board and kept on file in the branch office of the CSRC where the Company is situated and in the relevant stock exchange(s). The Supervisory Committee and the meeting convener shall submit relevant supporting documents to the branch office of the CSRC where the Company is situated and the relevant stock exchange(s) when issuing the notice regarding convening the meeting, as well as an announcement about the resolution of the meeting.

Where the Supervisory Committee or the shareholders convene a general meeting, the Board and secretary to the Board shall provide necessary assistance. The Board shall provide the register of the shareholders as recorded on the relevant registration date. The Company shall assume the necessary costs of the meeting where it is convened by the Supervisory Committee or the shareholders.

- Article 93** The general meeting shall be convened by the Board, and the chairman of the Board shall act as the presider of the meeting. If the chairman is unable or fails to perform his duties, the deputy chairman shall convene and act as the presider of the meeting. In the event that the deputy chairman is unable or fails to perform his duties, more than half of the directors may elect a director to convene and act as the presider of the meeting.
- If the Board cannot or fails to convene a general meeting, the Supervisory Committee shall duly convene and preside; if even the Supervisory Committee cannot or fails to convene and preside over a general meeting, the shareholders individually or jointly holding more than 10% of the Company's shares for more than 90 consecutive days may by themselves convene and preside over a general meeting.
- A general meeting convened by the Supervisory Committee itself shall be presided over by the chief supervisor. Where the chief supervisor cannot or fails to fulfil the duty thereof, the majority of the supervisors shall jointly elect a supervisor to preside.
- A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener. In the event that no presider is so elected, the attending shareholders shall elect one person to act as presider of the meeting; if for any reason the shareholders cannot elect a presider, the shareholder (including proxy thereof) holding the most voting shares among the attending shareholders shall preside over the meeting.
- During the general meeting, if the chairman breaches any procedure rules such that the general meeting is unable to continue, the general meeting may elect a person to serve as the chairman for continuing with the meeting upon obtaining consent of more than 50% of the shareholders present at the meeting who have the voting rights.
- Article 94** The Company shall establish procedure rules of the general meeting and stipulate in detail the procedures for convening and voting at the meeting, including issuing notices, registration, review of resolutions, voting, counting of votes, announcement of voting results, reaching meeting resolutions, meeting minutes, signing meeting minutes and issuing announcement, as well as the principles for giving authorisation to the Board. The procedure rules of the general meeting shall be appended to the Articles of Association, and shall be prepared by the Board and approved by the general meeting.
- Article 95** At the annual general meeting, the Board and the Supervisory Committee shall report on the work of the past year. Each independent non-executive director shall also prepare a work report on the exercise of his/her duties.
- Article 96** The directors, supervisors and senior executives shall answer and provide explanations in response to the shareholders' inquiries and suggestions at the general meeting.

Article 73 of the Mandatory Provisions, Article 67 of the Guidelines on Articles and Article 101 of the Company Law

Article 68 of the Guidelines on Articles

Article 69 of the Guidelines on Articles

Article 70 of the Guidelines on Articles



- Article 97** Before voting, the chairman of the meeting shall announce the number of shareholders and proxies present at the meeting, as well as the total number of shares with voting rights. The exact number of shareholders and proxies attending the general meeting and the total number of shares with voting rights shall be based on the meeting registration record. Article 71 of the Guidelines on Articles
- Article 98** The on-site general meeting shall not end before the meeting being conducted online or via other means. The chairman of the meeting shall announce the voting and poll result of each resolution, and determine whether a resolution has been passed pursuant to the voting results. Article 74 of the Mandatory Provisions and Articles 88 and 92 of the Guidelines on Articles
- Before the voting results are officially announced, the companies, vote counters, scrutineers, major shareholders and internet service providers involved at the on-site general meeting, the online meeting or any other voting means shall be obliged to keep the voting results confidential.
- Where the resolutions are not passed or the general meeting has revised a resolution reached at the previous general meeting, it should be specifically noted in the voting results announcement of the general meeting.
- Article 99** For the same right to vote, it is only allowed to choose one of the on-site, internet or other voting modes. In case of repeated votes of the same vote right, the first vote shall prevail. Article 85 of the Guidelines on Articles
- Article 100** If the presider has any doubt as to the result of a resolution which has been put to vote at the general meeting, he may have the ballots counted. If the presider has not counted the ballots, any shareholder who is present in person or by proxy and who objects to the result announced by the presider may, immediately after the declaration of the voting result, demand that the ballots be counted and the presider shall have the ballots counted immediately. Article 75 of the Mandatory Provisions
- Article 101** If the shareholders' meeting counts votes, the tally should be included in the meeting minutes. Article 76 of the Mandatory Provisions, Article 107 of the Company Law and Articles 72 and 73 of the Guidelines on Articles
- The general meeting shall file resolutions as minutes, which should be the responsibility of the secretary to the Board. The directors, supervisors, secretary to the Board, meeting convener or his/her representative and the chairman of the meeting present at the meeting shall sign the meeting minutes and ensure that the contents are true, accurate and complete. Meeting minutes, together with the signature register of attending shareholders and power of attorney of attending proxies, shall be kept at the domicile of the Company for at least 10 years.
- The meeting minutes shall include the following contents:
- (I) Meeting time, address, agenda, names of the meeting conveners;
  - (II) Name of the chairman of the meeting as well as the directors, supervisors, managers and other senior executives who attended the meeting;



- (III) Number of shareholders and their proxies who attended the meeting, number of shares with voting rights and its percentage as to the total number of shares in the Company;
- (IV) Review process, key points and voting results of each proposed resolution;
- (V) Inquires or proposals of the shareholders and the replies and explanations;
- (VI) Names of the lawyers, vote counters and scrutineers;
- (VII) Other contents as may be required to be included in the meeting minutes under the Articles of Association.

**Article 102** The meeting convener must ensure that the general meeting continues until the final decisions are made. If the general meeting is suspended due to special reasons such as force majeure or decisions cannot be made, necessary measures should be taken as soon as possible to re-convene the meeting or end the present meeting, and make an announcement promptly. Meanwhile, the meeting convener shall report to the local office of the CSRC where the Company is situated and the relevant stock exchange.

Article 74 of  
the Guidelines  
on Articles

**Article 103** Except for the cumulative voting system, the general meeting will vote the resolutions one by one. If there are different resolutions for the same matter, voting shall be conducted in accordance to the time sequence of the resolutions. Except for cases where the general meeting is suspended or decisions cannot be made due to special reasons such as force majeure, the meeting shall not be set aside or make no votes for such resolution.

Articles 83  
and 84 of the  
Guidelines  
on Articles

When considering the proposed resolutions, the general meeting shall not make any modifications. Otherwise, the relevant modifications shall be regarded as a new resolution, which cannot be subject to voting at the present meeting.

**Article 104** The shareholders may have free-of-charge access to copies of the meeting minutes during the office hours of the Company. If any shareholder asks for copies of relevant meeting minutes, the Company shall send out the said copies within seven days after receipt of reasonable expenses.

Article 77 of  
the Mandatory  
Provisions

## CHAPTER 10 SPECIAL VOTING PROCEDURES FOR CLASS SHAREHOLDERS

**Article 105** Holders of different classes of shares are class shareholders.

Article 78 of  
the Mandatory  
Provisions

Class shareholders shall enjoy rights and fulfil obligations pursuant to the laws, administrative regulations and the Articles of Association. In appropriate circumstances, the Company shall ensure enough voting rights for preferred shareholders.

If the share capital of the Company includes shares without voting rights, then the said shares shall be specified as “Without Voting Right”. If the share capital includes shares with different voting rights, then each class of shares (except those with most preferential voting right) shall be specified as “Restricted Voting Right” or “Limited Voting Right”.

**Article 106** Any proposed change or cancellation by the Company to the rights of class shareholders shall not come into effect unless approved by special resolutions at a general meeting and a separate general meeting convened by the class shareholders so affected in accordance with Articles 108 to 112.

Article 79 of  
the Mandatory  
Provisions  
Rule 15 of  
Appendix 3 to  
Listing Rules

**Article 107** In the following conditions, rights of a class of shareholders shall be deemed to have been changed or abrogated:

Article 80 of  
the Mandatory  
Provisions

- (I) To increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal to or superior to those of the shares of such class;
- (II) To change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of such class or to grant the right to make the said change;
- (III) To cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of the said class;
- (IV) To reduce or cancel rights attached to the shares of the said class to preferentially receive dividends or to receive distributions of assets in a liquidation of the Company;
- (V) To add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Company attached to the shares of the said class;
- (VI) To cancel or reduce rights to receive payments made by the Company in a particular currency attached to the shares of the said class;
- (VII) To create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of the said class;

- (VIII) To restrict the transfer or ownership of the shares of the said class or to impose additional restrictions;
- (IX) To issue rights to subscribe for, or to convert into, shares of the said class or another class;
- (X) To increase the rights and privileges of the shares of another class;
- (XI) To restructure the Company in such a way as to cause shareholders of different classes to bear liabilities disproportionately during the restructuring; and
- (XII) To amend or cancel any clause of this Chapter.

**Article 108** The class shareholders so affected, whether or not otherwise entitled to vote at a general meeting, shall nevertheless be entitled to vote at any class meetings with respect to matters set forth in (2) to (8), (11) to (12) of Article 107, but interested shareholder(s) shall not be entitled to vote in class meetings. Article 81 of the Mandatory Provisions

Interested shareholders as specified in the preceding paragraph refer to:

- (I) In the event of a repurchase of shares by the Company by way of a general offer to all shareholders of the Company with the same proportion or by way of public transactions on a stock exchange pursuant to Article 28 of the Articles of Association, an “interested shareholder” is a controlling shareholder as defined in Article 59 of the Articles of Association;
- (II) In the event of a buyback of shares by the Company by an off-market agreement pursuant to Article 28 of the Articles of Association, an “interested shareholder” is a shareholder related to the agreement; or
- (III) In the event of reorganization of the Company, an “interested shareholder” is a shareholder who assumes a relatively less proportion of obligation than that of other shareholders of that class or who has an interest different from that of other shareholders of that class.

**Article 109** Resolutions of a class general meeting shall be approved by votes representing more than two-thirds of the voting rights of shareholders of that class present at the meeting who, in accordance with Article 108, are entitled to vote at the meeting. Article 82 of the Mandatory Provisions

- Article 110** Where the Company convenes a class general meeting, a written notice shall be given at least 20 business days before the date of the annual general meeting and at least 10 business days or 15 days (whichever is longer) before the date of the extraordinary general meeting to notify all the shareholders of the said class in the shareholders' register of the issues to be considered at the meeting, and the date and venue of the meeting. Article 83 of the Mandatory Provisions
- The duration of the aforesaid periods shall not include the date of such announcement and the date of the meeting.
- The quorum of any class general meeting (excluding adjourned meeting thereof) held to consider modifying the rights of any class of shares shall be at least one-third of the holders of the shares of the said class already issued.
- Article 111** Notices of class general meetings need only be served to those shareholders entitled to vote at the said meetings. Article 84 of the Mandatory Provisions
- Class general meetings shall be convened as per as similar a procedure as possible to that of general meetings. Provisions in the Articles of Association concerning the procedure for convening of general meetings also apply to class general meetings.
- Article 112** Apart from holders of other classes of shares, holders of onshore-listed domestic shares and overseas listed foreign shares are deemed as shareholders of different classes. Article 85 of the Mandatory Provisions, Zheng Jian Hai Han No. 3 and Sec. 1(f) of Appendix 13D to Listing Rules
- Special voting procedures for class shareholders shall not apply in the following circumstances:
- (I) With the approval by special resolutions at a general meeting, the Company issues and plans to issue, at one or more occasions, a total number of shares not exceeding 20% of each of its existing issued and outstanding onshore-listed domestic shares and overseas listed foreign shares in every 12 months; or
  - (II) Where the Company's plan to issue onshore-listed domestic shares and overseas listed foreign shares at the time of its establishment is carried out within 15 months from the date of approval of the securities regulatory authority under the State Council;
  - (III) Shares (including domestic and foreign shares) already issued but not listed of the Company, after approval from the securities regulatory authority under the State Council, are converted to overseas listed shares.

## CHAPTER 11 BOARD OF DIRECTORS

### Section 1 Directors

**Article 113** Directors shall be elected at general meetings for a term of three years, which is renewable upon re-election when it expires. Before the expiration, the general meeting cannot terminate their services without cause.

Article 87 of  
the Mandatory  
Provisions and  
Article 96 of  
the Guidelines  
on Articles

The chairman and vice chairman shall be elected and removed by more than half of all the directors, shall serve a term of three years, is eligible for re-election.

The term of office of the directors is calculated from the date of appointment to the expiration of this session of the Board. In cases where the tenure expires and the re-election is not conducted promptly, the existing original directors shall, before the newly elected directors take office, perform their duties in accordance with the relevant laws, administrative regulations, departmental rules and the Articles of Association.

The managers and other senior executives may also serve as directors. The number of directors also serving as managers, senior managers or employee representatives shall not be more than one half of the total number of directors of the Company.

Directors need not hold shares of the Company.

**Article 114** The candidates for directors shall generally be proposed by the Board of the Company at the general meetings. The shareholders and the Supervisory Committee of the Company are entitled to nominate candidates for director pursuant to the Articles of Association.

Zheng Jian  
Hai Han No. 4

A notice of the intention to nominate a person as director and a notice by that person indicating his acceptance of such nomination shall be given to the Company at least seven days in advance; the deadline for giving the said notice shall be calculated from the second day after Company issues the notice of election meeting and shall not be later than seven days before convening of the meeting.

The notice of the meeting shall carry full information about the resume of the director candidates, reasons for election of them and the candidates' attitudes toward the nomination.

**Article 115** In cases where a director has not attended the Board meeting in person twice consecutively, and did not appoint another director to attend the meeting on his/her behalf, such director is deemed to be unable to perform his/her duties. The Board shall propose to dismiss such director at the general meeting.

Article 99 of  
the Guidelines  
on Articles

- Article 116** A director may resign prior to the expiration of his term by tendering a written resignation to the Board. The Board shall disclose the relevant information within two days. Article 100 of the Guidelines on Articles and Rule 4(2) of Appendix 3 to Listing Rules
- If the number of directors of the Board falls below the quorum as a result of any resignation, such resignation shall not become effective until the vacancy resulting from such resignation is filled up by a succeeding director. The remaining directors shall convene an extraordinary general meeting as soon as possible to elect a director to fill the vacancy caused by the said resignation. Any person appointed by the Board as a director to fill a casual vacancy on or as an addition to the Board shall hold office only until the first annual general meeting of the issuer after his appointment, and shall then be eligible for re-election.
- Article 117** In cases where a director resignation takes effect or his/her tenure expires, he/she shall complete the handing-over procedures with the Board. His/her duty of loyalty owed to the Company and the shareholders shall not be relieved absolutely after the tenure expires and shall remain valid for three years after the resignation takes effect or after his/her tenure expires. Article 101 of the Guidelines on Articles
- Article 118** Without the authorisation stipulated under the Articles of Association or of the Board, any director shall not act in his/her own name on behalf of the Company or the Board. In cases where a director is acting in his/her own name and the third party may reasonably believe that the director is acting on behalf of the Company or the Board, the director shall declare his/her position and capacity in advance. Article 102 of the Guidelines on Articles
- Article 119** In cases where the directors have breached the relevant laws, administrative regulations, department rules or the Articles of Association when exercising their duties and causes the Company to incur a loss, they shall be liable to compensate accordingly. Article 103 of the Guidelines on Articles
- Article 120** Any director who has left his office without authorization before his term of office expires and thereby caused the Company to incur a loss shall be liable for compensation to the Company. Zheng Jian Hai Han No. 4
- A general meeting may dismiss a director (including a director serving concurrently as general manager or other executive director) within his term of office by an ordinary resolution provided that the relevant laws and administrative regulations are observed (however, the said director's claim for compensation under any contract shall not be affected). Rule 4(3) of Appendix 3 to Listing Rules
- A director who has failed to attend two consecutive meetings of the Board in person and has not appointed other director(s) to attend on his behalf shall be deemed to be incapable of performing his duties. The Board may propose his removal at a general meeting.
- Article 121** If the term of office of a director expires but re-election is not made responsively or if any director resigns during his term of office so that the membership of the Board falls short of the quorum, the said director shall continue fulfilling the duties as director pursuant to relevant laws, administrative regulations and the Articles of Association until a new director is elected. Paragraph 2 of Article 45 and Paragraph 3 of Article 108 of the Company Law

## **Section 2 Independent Non-Executive Directors**

- Article 122** Independent non-executive directors are directors who do not hold any position in the Company other than as director, member or chairman of the special committee of the Board and do not maintain with the Company or its substantial shareholders a connection which may possibly hamper their independent and objective judgments. Independent non-executive directors must make up at least a third of the Board and must consist of at least three members. The Company shall have at least one independent non-executive director who shall have relevant professional qualifications or have professional specialty in audit or related financial management and shall have at least one independent non-executive director who lives in Hong Kong. Rule 3.10(2) of Listing Rules Rule 18(1) of Chapter 19A of Listing Rules
- Article 123** An independent non-executive director shall meet the qualifications and requirements on independence as stipulated in laws, regulations and the Listing Rules. Rule 3.11 of Listing Rules
- Article 124** An independent non-executive director may resign before his term of office expires.
- If at any time the Company's independent non-executive director does not comply with the number, qualifications or requirements on independence as stipulated in the Listing Rules, the Company shall notify the Hong Kong Stock Exchange responsively, give relevant reasons and details in the form of public announcements, and appoint enough independent non-executive directors to meet the requirements of the Listing Rules within three months after the said incompliance.
- Article 125** An independent non-executive director shall perform his duties pursuant to laws, regulations and the Listing Rules.
- Article 126** The Company formulates a working system for independent non-executive directors, which specifies their qualifications, nomination, election and replacement and rights and obligations and is subject to the approval of general meetings.
- Article 127** Matters regarding independent non-executive directors and not specified herein shall be governed by relevant requirements on directors in laws, regulations, the Listing Rules and the Articles of Association.



### Section 3 Board of Directors

**Article 128** The Company sets a Board, which comprises 14 directors, including one chairman, one vice chairman and five independent non-executive directors.

Independent non-executive directors may directly report to the general meeting, CSRC and other relevant regulatory authorities.

Article 86 of  
the Mandatory  
Provisions

**Article 129** The Board shall be accountable to the general meeting and exercise the following functions and powers:

Article 88 of  
the Mandatory  
Provisions and  
Article 108 of  
the Company  
Law

- (I) To be responsible for convening general meetings and reporting its work to the general meetings;
- (II) To execute resolutions of general meetings;
- (III) to resolve on the Company's business plans and investment plans;
- (IV) To prepare the Company's annual financial budgets and final accounting plans;
- (V) To prepare the Company's profit distribution plans and loss recovery plans;
- (VI) To formulate the plan for increase or reduction of the Company's registered capital, and the plan for issue of the Company's bonds;
- (VII) To prepare plans for the Company's merger, division, dissolution or transformation;
- (VIII) To resolve on the buyback of the Company's shares under the circumstances as provided in (III), (V) and (VI) of Article 27 of the Articles of Association;
- (IX) To decide on the internal management structure of the Company;
- (X) To appoint or dismiss the Company's general manager; to appoint or dismiss the Company's vice president, chief financial officer and other senior executives as nominated by the general manager and determine their remunerations;
- (XI) To work out the basic management system of the Company;
- (XII) To formulate the plan for any amendment to the Articles of Association;
- (XIII) Manage information disclosure of the Company;
- (XIV) Propose to the general meeting to appoint or replace the accounting firm which conduct auditing for the Company;

(XV) Listen to the work report of the company managers and inspect the tasks managed by the managers;

(XVI) To exercise other functions and powers as stipulated by laws, regulations and the listing rules of the stock exchange with which the Company is listed or conferred by the general meetings and the Articles of Association.

The Board may resolve on the issues specified in the preceding paragraph by approval of more than half of the directors save for the issues specified in (VI), (VII) and (XII), of which approval of more than two-thirds of the directors is required. The directors shall perform their duties in accordance with laws and administrative regulations of the state, the Listing Rules, the Articles of Association and resolutions of general meetings.

**Article 130** The Board shall establish procedure rules for the Board to ensure that it implements the resolutions of the general meeting, improve the working efficiency and ensure scientific decision-making. Article 109 of the Guidelines on Articles

**Article 131** In cases when the Company makes investment to other enterprises or provides guarantees to others, the Board is responsible for making decisions unless otherwise specified in the Articles of Association, laws, regulations or listing rules of the exchange where the Company had its shares listed. The Board shall determine the limitation of authority for external investment and external guarantee, establish a stringent review and decision-making procedure, and report to the general meeting for approval. Subject to the Articles of Association, laws and regulations, and relevant listing rules of the exchanges where the Company's shares are listed, the general manager or the operating management of the Company are entitled to review and decide on external investment and external guarantee within their scope of limitation of authority in accordance with the authorization by the Board and the relevant management systems of the Company. However, if the Company provides guarantee for the Company's shareholders or actual controllers, it shall be resolved at the general meeting. Article 16 of the Company Law

Shareholders regulated in above articles or controlled by the actual controller being subject to above articles shall not participate in the voting of matters regulated in above articles. The voting should be made by the majority of other shareholders present.

**Article 132** The Board shall not dispose of or agree to dispose of any fixed assets without approval by the general meeting if the sum of the expected value of the fixed assets to be disposed of and the value derived from the disposal of fixed assets within four months before such proposal to dispose of the fixed assets exceeds 33% of the value of the fixed assets as shown on the latest audited balance sheet considered and approved by the general meeting.

Article 89 of  
the Mandatory  
Provisions

Disposals of the fixed assets mentioned herein include transfer of certain asset interests, but do not include guarantee provided by pledge of fixed assets.

The effectiveness of the Company's disposal of the fixed assets shall not be affected by any breach of the foregoing provisions in Paragraph 1 herein.

**Article 133** The chairman of the Board shall exercise the following functions and powers:

Article 90 of  
the Mandatory  
Provisions

- (I) To preside over general meetings and to convene and preside over board meetings;
- (II) To examine the implementation of the resolutions of the Board;
- (III) To sign the securities certificates issued by the Company;
- (IV) To exercise other functions and powers conferred by the Board or the Listing Rules.

If the chairman is unable to perform his duties, such duties shall be performed in proxy by the vice chairman designated by the chairman.

**Article 134** Board meetings include regular meetings and provisional meetings. Board meetings shall be held at least four times a year and shall be convened by the chairman. Notice of the regular meeting of the Board shall be given at least 14 days in advance and that of a provisional meeting shall be given at least five days in advance. Notice deadlines of the said meetings may be exempted upon the consent of directors of the Company. Where a provisional board meeting needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means, but the convener shall make explanations at the meeting.

Article 91 of  
the Mandatory  
Provisions,  
Paragraphs  
C.5.1 and  
C.5.3 of  
Appendix  
14 to Listing  
Rules and  
Article 110 of  
the Company  
Law

An extraordinary board meeting may be held, if:

- (I) Proposed by shareholders representing more than 10% of the voting rights;
- (II) Jointly proposed by more than one-third of the directors;
- (III) Proposed by the Supervisory Committee;
- (IV) Deemed necessary by the chairman of the Board;

(V) Jointly proposed by more than half of the independent non-executive directors;

(VI) Proposed by the general manager;

(VII) The chairman shall convene and preside over a board meeting within 10 days after receipt of the resolution.

**Article 135** The Board shall send the notice of a regular or provisional meeting by personal delivery, mail, fax or telephone. Article 92 of the Mandatory Provisions

Notice of meeting shall be deemed to have been served to any director who attends the meeting without raising any objection before or during the meeting that he has not received the notice of meeting.

Any regular or provisional meeting of the Board may be held by telephone conference, video conference or similar communication equipment so long as all directors present at the meeting can clearly hear and communicate with each other. All directors who have attended the meeting in such ways shall be deemed to be personally present at the meeting.

Save otherwise specified by laws and regulations or the Listing Rules, the Board may adopt written motion in lieu of board meeting. A written motion shall be deemed as having been adopted upon affixing of signature by directors reaching the quorum of the properly constituted and convened Board as stipulated by laws, regulations and the Articles of Association. Such written motions shall be filed together with meeting minutes of the Board and other archives of the Company and shall have the same binding effect and validity as the resolutions made by directors attending board meetings in person.

**Article 136** Unless otherwise provided herein, board meetings shall be held only if more than half of the directors (including directors attending the meeting on behalf of others pursuant to Article 137 of the Articles of Association) are present. Article 93 of the Mandatory Provisions and Article 111 of the Company Law

Every director shall have the right to one vote. Unless otherwise provided in the Articles of Association, a resolution of the Board must be passed by the majority of the directors of the Company. If pros and cons are equal, the chairman shall be entitled to an additional vote.

**Article 137** Directors shall attend board meetings in person. In the event that a director is unable to attend a meeting for any reason, he may appoint another director by a written power of attorney to attend the meeting on his behalf. The power of attorney shall set out the scope of the authorization. Article 94 of the Mandatory Provisions

The director attending the meeting as proxy shall exercise rights within the scope of authorization. Where a director is not present at a board meeting and fails to authorize a proxy to act on his behalf, the said director shall be deemed to have waived his rights to vote at the meeting.

**Article 138** The Board and any committee thereof shall file resolutions of meetings as minutes and record in detail the matters considered and the decisions arrived at the meetings, including any questions or objections raised by the directors. After conclusion of a board meeting, the initial and finalized meeting minutes shall be sent to all the directors successively and in due time, with the initial ones to be commented on by the directors and the final ones to be recorded.

Rule C.5.5 of  
Appendix  
14 to Listing  
Rules

Minutes shall be signed by all attending directors and the person taking the minutes. The meeting minutes shall be kept for at least 10 years. The directors shall be responsible for the resolutions passed at board meetings. Any director who votes for a resolution which runs counter to the relevant laws, administrative regulations or the Articles of Association, thereby causing serious losses to the Company, shall be liable for compensation. A director who has been proved as having expressed dissenting opinions on the resolution and such opinions are recorded in the minutes of the meeting can be exempt from liability.

Article 95 of  
the Mandatory  
Provisions and  
Article 112 of  
the Company  
Law

The independent non-executive directors' opinions shall be set out in the resolutions of board meetings.

## CHAPTER 12 SECRETARY TO THE BOARD OF DIRECTORS

**Article 139** The Company shall have one secretary to the Board of Directors, who is a senior executive of the Company.

Article 96 of  
the Mandatory  
Provisions

**Article 140** The secretary to the Company's Board shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed or removed by the Board. The major duties of the secretary shall be:

Article 97 of  
the Mandatory  
Provisions

- (I) To ensure that the Company has complete organization documents and records;
- (II) To ensure that the Company legally prepares and submits reports and documents as required by relevant authorities as well as to accept and organize the implementation of any assignment from the regulatory authorities;
- (III) To ensure that the shareholders' register of the Company is established appropriately and that the persons who have the right of access to the relevant documents and records of the Company obtain the same in due time; and
- (IV) To exercise other functions and powers as conferred by the Board as well as other functions and powers as required by the stock exchange with which the Company is listed.

**Article 141** A director or other senior executives of the Company may serve concurrently as secretary to the Board of Directors. Any accountant of the certified public accountants engaged by the Company shall not act in the capacity of the secretary to the Board of Directors.

Article 98 of  
the Mandatory  
Provisions

In the event a director also acts in the capacity of the secretary to the Board, where any act requires to be made by the director and the secretary to the Board separately, such director who also acts in the capacity of the secretary to the Board shall not make such actions in both capacities.

### **CHAPTER 13 GENERAL MANAGER OF THE COMPANY**

**Article 142** The Company shall have one general manager, who shall be appointed and dismissed by the Board, several vice general managers and one chief financial officer, who shall be appointed or dismissed by the Board as nominated by the general manager.

Article 99 of  
the Mandatory  
Provisions and  
Articles 113  
and 114 of the  
Company Law

Upon approval of the Board of the Company, a director may serve concurrently as the general manager or other senior executives.

The general manager and other senior executives shall serve a term of three years and may be reappointed for consecutive terms if re-elected.

**Article 143** The general manager of the Company shall be accountable to the Board and exercise the following functions and powers:

Article 100 of  
the Mandatory  
Provisions

- (I) To manage the business operations of the Company and organise to execute the resolutions of the Board;
- (II) To organise to execute the Company's annual business plans and investment plans;
- (III) To prepare the plan for the internal management setup of the Company;
- (IV) To draft the basic management system of the Company;
- (V) To formulate the basic rules of the Company;
- (VI) To propose to appoint or dismiss the vice general manager, chief financial officer and other senior executives of the Company;
- (VII) To appoint or dismiss executives other than those appointed or dismissed by the Board;
- (VIII) To exercise other functions and powers conferred in the Articles of Association and by the Board.

**Article 144** The general manager shall be present at board meetings, and if he is not a director, shall not have any voting right at board meetings.

Article 101 of  
the Mandatory  
Provisions

**Article 145** In exercising functions and powers, the general manager of the Company shall fulfil the obligation of honesty and diligence in accordance with laws, administrative regulations and the Articles of Association.

Article 102 of  
the Mandatory  
Provisions



## CHAPTER 14 SUPERVISORY COMMITTEE

<b>Article 146</b>	The company shall have a Supervisory Committee.	Article 103 of the Mandatory Provisions
<b>Article 147</b>	<p>The Supervisory Committee shall comprise four members, including one chairman. The term of office of a supervisor shall be three years, and is renewable upon re-election.</p> <p>The chairman shall be appointed or removed by the votes of more than two-thirds of the members of the Supervisory Committee.</p>	Article 104 of the Mandatory Provisions, Sec. 1(d)(i) of Appendix 13D to Listing Rules and Zheng Jian Hai Han No. 5
<b>Article 148</b>	External supervisors of the members of Supervisory Committee (refer to supervisors who do not hold any position in the Company) shall be more than half of the supervisors and more than two members shall be independent supervisors (refer to supervisors who are independent from the shareholders of the Company and do not hold any position in the Company). Employee representatives serving as supervisors shall not be less than one-third of the supervisors and shall be elected democratically and removed by the employees of the Company; while other supervisors shall be elected at a general meeting of the Company.	Article 105 of the Mandatory Provisions and Article 117 of the Company Law
<b>Article 149</b>	A director, the general manager and other senior executives shall not serve as supervisor concurrently.	Article 106 of the Mandatory Provisions and Article 117 of the Company Law
<b>Article 150</b>	Meetings of the Supervisory Committee include regular meetings and provisional meetings. Regular meetings of the Supervisory Committee shall be held at least once every six months, and shall be convened and presided over by the chairman of the Supervisory Committee. Any supervisor may propose that a provisional meeting of the Supervisory Committee be held. If the chairman of the Supervisory Committee fails to or is unable to perform and exercise his functions and powers, a meeting of the Supervisory Committee shall be convened and presided over by a supervisor jointly nominated by more than half of all supervisors.	Article 107 of the Mandatory Provisions and Articles 117 and 119 of the Company Law
<b>Article 151</b>	<p>The Supervisory Committee shall be accountable to the general meeting and shall exercise the following powers according to laws:</p> <p>(I) To review the financial operations of the Company;</p> <p>(II) To supervise the performance of directors and senior executives of their duties to the Company, and propose dismissal of directors and senior executives who have violated laws, administrative regulations, the Listing Rules, the Articles of Association or the resolutions of general meetings;</p> <p>(III) To demand redress from the Company's directors and senior executives should their acts be deemed harmful to the Company's interests;</p>	Article 108 of the Mandatory Provisions and Articles 53, 54 and 118 of the Company Law



- (IV) To examine financial information such as financial reports, business reports and profit distribution plans as proposed by the Board to the general meeting, and if there are any queries, to engage certified public accountants or practicing auditors in the name of the Company to assist in the examination;
- (V) To propose the convening of extraordinary general meetings and, in case the Board does not perform the obligations to convene and preside over the general meetings, to convene and preside over the general meetings;
- (VI) To propose motions to the general meeting;
- (VII) To negotiate with directors on behalf of the Company or pursue legal actions against the directors and senior executives according to laws and the Articles of Association; and
- (VIII) Other issues specified in the Articles of Association.

The supervisor may attend board meetings and make inquiries or suggestions in relation to the resolutions of board meetings.

The Supervisory Committee may directly report to CSRC and other relevant authorities.

If there are any unusual circumstances in the Company's operations, the Supervisory Committee shall conduct investigation, and if necessary, engage an accounting firm to assist in its work at the expense of the Company.

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|--------------------|---|--|
| <b>Article 152</b> | Meetings of the Supervisory Committee shall not be held unless more than two-thirds of supervisors are present. The resolutions of the Supervisory Committee shall be adopted by open ballot, and each supervisor shall have one vote. Supervisors shall attend meetings of the Supervisory Committee in person. Where any supervisor cannot attend the meeting for any reason, he may appoint another supervisor to attend the meeting on his behalf, with the power of attorney in writing specifying the scope of authorization. | Article 109 of the Mandatory Provisions<br><br>Zheng Jian<br>Hai Han No.<br>6 and Sec.<br>1(d)(ii) of<br>Appendix<br>13D to Listing<br>Rules |
|                    | Resolutions of the meeting of the Supervisory Committee shall be approved by more than two-thirds of the members of the Supervisory Committee.  |  |
| <b>Article 153</b> | Records shall be made for all meetings of the Supervisory Committee. Minutes shall be signed by all attending supervisors and the person taking the minutes. The meeting minutes of the Supervisory Committee shall be kept as archives of the Company by an ad hoc person designated by the chairman of the Supervisory Committee. The meeting minutes shall be kept for at least 10 years.  | Article 120 of the Company Law   |

**Article 154** All reasonable fees incurred in the retaining of such professionals as lawyers, certified public accountants or practicing auditors by the Supervisory Committee in the exercise of its functions and powers shall be borne by the Company. Article 110 of the Mandatory Provisions

**Article 155** Supervisors shall honestly fulfil the supervisory duty in accordance with laws, administrative regulations and the Articles of Association. Article 111 of the Mandatory Provisions

## **CHAPTER 15 QUALIFICATIONS AND DUTIES OF DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR EXECUTIVES OF THE COMPANY**

**Article 156** A person shall not serve as director, supervisor, general manager or other senior executives of the Company if the said person: Article 112 of the Mandatory Provisions and Article 146 of the Company Law

- (I) Is without capacity or with limited capacity for civil conduct;
- (II) Was imposed criminal penalty due to taking graft or committing bribery, infringing upon property, embezzling property or disrupting socialism market economic order and it is less than five years since the completion of enforcement of the criminal penalty; or is deprived of political rights due to criminal offence and it is less than five years since the completion of enforcement of the penalty;
- (III) Was once the director or factory manager, the manager of any company or enterprise which was bankrupted due to bad operation and was responsible for the bankruptcy of the said company or enterprise, and it is less than three years since the completion of liquidation for the bankruptcy of the said company or enterprise;
- (IV) Ever was the legal representative of any company or enterprise which was revoked business license or ordered to close down due to illegal activities and was responsible for such illegal activities, and it is less than three years since the revocation of the business license;
- (V) Has large outstanding personal debts;
- (VI) Is under investigation by the judiciary institution for suspected violation of the criminal law, and the result is still pending;
- (VII) Is disqualified as corporate leader in laws and administrative regulations;
- (VIII) Is not a natural person;
- (IX) Was ruled by the relevant regulatory authority that he has violated the relevant securities regulations and committed any fraudulent or dishonest act, and such ruling was made less than five years ago;
- (X) Is such a person as specified in the Listing Rules or the laws and rules of the places in which the Company's shares are listed.

Any election, appointment or employment of directors, supervisors or other senior executives in violation of the above provisions shall be invalid.

The Company shall dismiss the director, supervisor and senior executive if he is involved in the said circumstances set out in Paragraph 1 herein during his term of office.

**Article 157** The validity of an act of a director, the general manager or other senior executives on behalf of the Company for a goodwill third person is not affected by any incompliance in the appointment, election or qualification thereof. Article 113 of the Mandatory Provisions

**Article 158** In exercising the powers conferred by the Company, directors, supervisors, the general manager and other senior executives of the Company shall fulfil the following obligations to each shareholder in addition to the obligations under the laws, administrative regulations or the listing rules of the stock exchange on which the shares of the Company are listed: Article 114 of the Mandatory Provisions

- (I) Not to let the Company operate beyond the business scope specified in its business licence;
- (II) To sincerely act in the best interest of the Company;
- (III) Not to seize from the Company the property in any form, including (but not limited to) opportunity favourable to the Company;
- (IV) Not to seize from any shareholder any personal interests, including (but not limited to) right to profit distribution and right to vote, but excluding corporate reorganization submitted for adoption at the general meeting pursuant to the Articles of Association.

**Article 159** In exercising rights or fulfilling obligations, the directors, supervisors, the general manager and other senior executives of the Company have the duty to act with due discretion, diligence and skill as a reasonable discreet person should do in similar circumstances. Article 115 of the Mandatory Provisions

**Article 160** In fulfilling duties, the directors, supervisors, the general manager and other senior executives of the Company shall observe the principle of honesty and shall not set themselves in a position where their own interests may conflict with their obligations. The principle includes (but is not limited to) the following obligations: Article 116 of the Mandatory Provisions

- (I) To sincerely act in the best interest of the Company;
- (II) To exercise their rights within their terms of reference;
- (III) To exercise personally the discretion vested in them and not to allow themselves to be controlled by others and, save as permitted by laws, administrative regulations or the Listing Rules or approved by a shareholders' general meeting having knowledge of the circumstances, not to transfer the exercise of their discretion to others;

- (IV) To be equitable towards shareholders of the same class and fair towards shareholders of different classes;
- (V) Not to conclude any contract, conduct any transaction or make any arrangement with the Company saved as specified in the Articles of Association or the Listing Rules or unless approval is obtained by a shareholders' general meeting;
- (VI) Not to seek personal gains by using the property of the Company in any form unless approval is obtained by a shareholders' general meeting;
- (VII) Not to abuse official powers to accept bribes or other unlawful income, and not to expropriate the Company's property in any form, including (but not limited to) opportunity favourable to the Company;
- (VIII) Not to accept commissions in connection with the Company's transactions unless approval is obtained by a shareholders' general meeting;
- (IX) To observe the Articles of Association, fulfil duties honestly, protect the interests of the Company, and not to seek personal gains by using their positions and powers in the Company;
- (X) Not to compete with the Company in any form unless approval is obtained by a shareholders' general meeting;
- (XI) Not to appropriate the monies of the Company or lend the same to others, not to deposit the Company's assets in the accounts of their own or others, and not to use the Company's assets as security for the personal debts of the shareholders of the Company or others; and
- (XII) Unless approval is obtained by a shareholders' general meeting, not to disclose any confidential information related to the Company acquired by them during their term of office; not to use the said information save for the interest of the Company; however, they may disclose such information to a court or other competent government authorities in the following circumstances:
  - 1. Required by law;
  - 2. Required in the interests of the public;
  - 3. Required for the interests of the said directors, supervisors, the general manager and other senior executives.

- Article 161** Directors, supervisors, general manager and other senior executives of the Company shall not tell the following persons or institutions (“connected persons”) to do anything that the directors, supervisors, general manager and other senior executives cannot do: Article 117 of the Mandatory Provisions
- (I) Spouses or minor offspring of directors, supervisors, general manager and other senior executives of the Company;
  - (II) Trustees of directors, supervisors, general manager and other senior executives of the Company or persons set out in (I) herein;
  - (III) Partners of directors, supervisors, general manager and other senior executives of the Company or persons set out in (I) and (II) herein;
  - (IV) Companies effectively and independently controlled by directors, supervisors, general manager and other senior executives of the Company or companies effectively and jointly controlled by the persons set out in (I), (II) and (III) herein or other directors, supervisors, general manager and other senior executives of the Company; and
  - (V) Directors, supervisors, general manager and other senior executives of the companies as set out in (IV) herein.
- Article 162** The honesty obligation of the directors, supervisors, general manager and other senior executives of the Company shall not necessarily end with the expiry of their terms of office, and their confidentiality obligation to the Company in respect of commercial secrets shall continue after expiry of their terms of office. Other obligations may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination and the act concerned and the specific circumstances under which the relationship between the Company and them was terminated. Article 118 of the Mandatory Provisions
- Article 163** The liability of directors, supervisors, general manager and other senior executives of the Company for breaching a given obligation may be waived by the shareholders’ general meeting which has knowledge of the circumstances, save for the circumstances specified in Article 58 of the Articles of Association. Article 119 of the Mandatory Provisions
- Article 164** If directors, supervisors, general manager and other senior executives of the Company have any direct or indirect material interests in any contract, transaction or arrangement already concluded or under planning with the Company (exclusive of engagement contract with the Company), they shall responsively disclose the nature and extent of the said interests to the Board regardless whether the relevant matters are subject to approval by the Board in normal circumstances. Article 120 of the Mandatory Provisions

If any director has connection with the enterprise involved in the resolution made at a Board meeting, the said director shall not vote on the said resolution for himself or on behalf of another director and shall abstain from voting. The Board meeting may be held when more than half of the non-connected directors attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the meetings is less than 3, the issue shall be submitted to the general meeting of the listed company for examination.

Article 124 of  
the Company  
Law

Unless under the exceptional circumstances approved by the Hong Kong Stock Exchange, a director shall not vote on any resolution of the Board which approves the contract, transaction or arrangement or any other relevant suggestions where he/she or his/her close associates (as defined in the applicable Listing Rules which come into effect from time to time) own a material interest; and shall not be included into the quorum of the meeting. If the relevant contract, transaction, arrangement or suggestion involves the connected transaction specified in the Listing Rules, the “close associates” herein shall be changed to “associates” (as defined in the applicable Listing Rules which come into effect from time to time).

Rule 13.44 of  
Listing Rules

Unless the directors, supervisors, general manager and other senior executives of the Company having material interests have disclosed to the Board as per Paragraph 1 herein, and the said transaction is approved at the Board meeting at which they are not included into the quorum and do not vote, the Company shall have the right to cancel the said contract, transaction or arrangement, save for the circumstance in which the other parties are goodwill parties uninformed of the default of the relevant directors, supervisors, managers and other senior executives.

If the connected persons or associates of the directors, supervisors, general manager and other senior executives of the Company have any interests in a given contract, transaction or arrangement, the said directors, supervisors, general manager and other senior executives shall also be deemed as having interests.

**Article 165** If, before the Company concludes relevant contract, transaction or arrangement for the first time, the directors, supervisors, general manager and other senior executives of the Company have notified the Board in writing that they will have interests in the contract, transaction or arrangement concluded by the Company in the future because of the reasons set out in the notice, they shall be deemed as having executed disclosure as specified in the preceding paragraph of this chapter to the extent specified in the notice.

Article 121 of  
the Mandatory  
Provisions

**Article 166** The Company shall not pay taxes in any form for its directors, supervisors, general manager and other senior executives.

Article 122 of  
the Mandatory  
Provisions



- Article 167** The Company shall not directly or indirectly provide loan or loan guarantee to the directors, supervisors, general manager and other senior executives of the Company or its parent company, or to the connected persons of the aforesaid persons. Article 123 of the Mandatory Provisions
- The preceding paragraph does not apply to the following circumstances:
- (I) The Company provides loan or loan guarantee for its subsidiaries;
  - (II) The Company, in accordance with the engagement contracts approved at the general meeting, provides loan, loan guarantee or other monies to the directors, supervisors, general manager and other senior executives of the Company so that they may pay the expenses incurred for the Company or for fulfilling their duties for the Company; and
  - (III) If the normal business scope of the Company includes provision of loan and loan guarantee, the Company may provide loan and loan guarantee to relevant directors, supervisors, general manager and other senior executives and their connected persons, but the conditions for providing loan or loan guarantee shall be normal business conditions.
- Article 168** If the Company provides loan in violation of the preceding article, the recipient of the loan shall return the same immediately to the Company regardless of the loan conditions. Article 124 of the Mandatory Provisions
- Article 169** The Company shall not be forced to execute loan guarantee provided in violation of Paragraph 1 of Article 167 except in the following circumstances: Article 125 of the Mandatory Provisions
- (I) The loan provider does not know that it has provided loan to the connected persons of the directors, supervisors, general manager and other senior executives of the Company or its parent company;
  - (II) The guarantee provided by the Company has been sold by the loan provider lawfully to a goodwill buyer.
- Article 170** The guarantee as referred to in the preceding articles includes the act of the guarantor to undertake the responsibility or provide property to ensure that the obligor fulfils the obligations. Article 126 of the Mandatory Provisions



**Article 171** If the directors, supervisors, general manager or other senior executives fail to fulfil the obligations to the Company, the Company shall have the right to take the following actions in addition to the rights and remedial measures under the relevant laws and administrative regulations: Article 127 of the Mandatory Provisions

- (I) Require the relevant directors, supervisors, general manager or other senior executives to compensate the Company for the losses arising from their neglect of duty;
- (II) Cancel the contracts or transactions concluded between the Company and the relevant directors, supervisors, general manager and other senior executives, or between the Company and a third person (if the third person knows or is supposed to know that the directors, supervisors, general manager and other senior executives representing the Company have breached their obligations to the Company);
- (III) Require the relevant directors, supervisors, general manager and other senior executives to surrender gains arising from breach of obligations;
- (IV) Recover monies, including (but not limited to) commissions, received by the relevant directors, supervisors, general manager and other senior executives but receivable by the Company;
- (V) Require the relevant directors, supervisors, general manager and other senior executives to surrender interests earned or likely to be earned from monies payable to the Company.

**Article 172** The Company shall conclude written contracts with every director, supervisor and senior executive, covering at least the following matters: Rules 54 and 55 of Chapter 19A of Listing Rules

- (I) Directors, supervisors or senior executives shall undertake to the Company to observe Company Law, Special Provisions, the Articles of Association, and Code on Takeovers and Mergers and Code on Share Repurchase approved (revised from time to time) by the Securities and Futures Commission of Hong Kong and other provisions of the Hong Kong Stock Exchange, and agree that the Company is entitled to remedial measures under the Articles of Association and that the said contracts and their positions as director, supervisor or senior executive shall not be transferred;
- (II) Directors, supervisors or senior executives shall undertake to the Company representing respective shareholders to fulfil their due duties for the shareholders as specified in the Articles of Association;
- (III) Arbitration clauses specified in Article 212 of the Articles of Association.

**Article 173** The Company shall conclude written contracts with its directors and supervisors in relation to their remunerations, subject to prior approval at a general meeting. The aforesaid remunerations include: Article 128 of the Mandatory Provisions

- (I) Remunerations as directors, supervisors or senior executives of the Company;
- (II) Remunerations as directors, supervisors or senior executives of subsidiaries of the Company;
- (III) Remunerations for providing other services for the management of the Company and subsidiaries thereof; and
- (IV) Compensations for the said directors or supervisors for losing their positions or for retirement.

Save as specified in the aforesaid contracts, the directors or supervisors shall not pursue legal action against the Company for the aforesaid interests.

**Article 174** The Company shall specify in the contracts concluded with the directors or supervisors in relation to remunerations that if the Company is acquired, the directors or supervisors of the Company have the right to seek compensations or other monies for losing their positions or for retirement under the conditions approved at the general meeting. Article 129 of the Mandatory Provisions

The acquisition in the preceding paragraph refers to any of the following circumstances:

- (I) Tender offer of any person to all the shareholders; or
- (II) Tender offer of any person to become a controlling shareholder of the Company. The definition of a controlling shareholder is the same as that in Article 59 of the Articles of Association.

Any monies received by the relevant directors or supervisors in violation of the provisions herein shall belong to those who sell their shares in response to the aforesaid tender offer, and the said directors or supervisors shall bear the expenses for distributing the said monies in proportion, which shall not be deducted from the said monies.

## CHAPTER 16 FINANCIAL ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION

**Article 175** The Company shall formulate its financial accounting system in accordance with relevant laws, administrative regulations and the PRC accounting standards formulated by the competent financial authority of the State Council. Article 130 of the Mandatory Provisions

**Article 176** The Company shall prepare an annual financial and accounting report within four months from the end of the previous financial year, prepare a semi-annual financial and accounting report within two months from the end of the first six months of the present financial year, prepare quarterly financial and accounting reports within one month from the end of the first three months and the first nine months respectively of the present financial year, and submit them to the relevant regulatory authorities in accordance with the relevant laws. The financial reports of the Company shall include the following financial statements and accessory documents: Article 131 of the Mandatory Provisions and Article 150 of the Guidelines on Articles

- (I) Balance sheet;
- (II) Income statement;
- (III) Cash flow statement;
- (IV) Notes to financial statements;
- (V) Profit distribution statement.

The fiscal year of the Company is Gregorian calendar year, i.e. from 1 January to 31 December every year. The Company shall use Renminbi as the recording currency and the accounts shall be written in Chinese.

**Article 177** The Board of the Company shall, at each annual general meeting, submit to the shareholders the financial reports prepared by the Company in accordance with the relevant laws, administrative regulations, normative documents issued by local governments and competent authorities and the Listing Rules. Article 132 of the Mandatory Provisions

**Article 178** The financial reports of the Company shall be kept in the Company and accessible to the shareholders 20 days before convening of the annual general meeting. Every shareholder of the Company shall have the right to access the aforesaid financial reports. Article 133 of the Mandatory Provisions  
Zheng Jian  
Hai Han No. 7

The Company shall, at least 21 days before convening of the annual general meeting, send by prepaid mail to all holders of overseas listed foreign shares the aforesaid reports or directors' reports and the balance sheet (including each document required by laws and regulations to be attached to the balance sheet) and income statement or income and expenditure statement; and the addresses of addressees shall be those recorded in the shareholders' register.

<b>Article 179</b>	The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the accounting standards required under the rules of the places in which the Company's shares are listed. If the financial statements prepared under the two accounting standards are discrepant significantly, such discrepancy shall be explained in the notes to the financial statements. The Company shall distribute the after-tax profit of the relevant fiscal year as per the less of the after-tax profits in the aforesaid two financial statements.	Article 134 of the Mandatory Provisions
<b>Article 180</b>	The interim results or financial data announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards regulations as well as the accounting standards required under the rules of the places in which the Company's shares are listed.	Article 135 of the Mandatory Provisions
<b>Article 181</b>	The Company shall announce two financial reports each fiscal year, i.e. interim financial report announced within 60 days after the end of the first six months of the fiscal year and the annual financial report announced within 120 days after the end of the fiscal year.  If the securities regulatory authority of the location where the Company's shares are listed has other provisions, such provisions shall prevail.	Article 136 of the Mandatory Provisions
<b>Article 182</b>	The Company shall not establish account books other than the statutory account books.	Article 137 of the Mandatory Provisions
<b>Article 183</b>	Capital reserve includes the following:  (I) Premium arising from issue above the par value of shares;  (II) Other revenues required by the competent financial authority under the State Council to be stated as capital reserve.	Article 138 of the Mandatory Provisions
<b>Article 184</b>	The common reserve funds of the Company shall only serve the following purposes:  (I) To make up for losses. The capital reserve shall not be used to make up for the losses.  (II) To increase capital. When the statutory common reserve fund is capitalized to increase capital, the amount of the said fund left shall not be less than 25% of the registered capital of the Company prior to the increase.  (III) To enlarge production capacity.	Article 168 of the Company Law
<b>Article 185</b>	The Board, the Board of supervisors and the general meeting shall consider the opinions of the independent non-executive directors, external supervisors and minority shareholders when determining and evaluating the Company's profit distribution policy.	Added in accordance with Article 139 of the Mandatory Provisions and Article 154 of the Guidelines on Articles

The Company shall implement continuous, stable, scientific and proactive profit distribution policies, and attach importance to the provision of reasonable return to shareholders and ensure the continuity and stability of profit distribution policy.

(I) The Company's profit distribution policy

1. The Company may use cash, shares, combination of cash and shares or other forms as permitted by the laws and regulations in making profit distribution, and give priority to the provision of cash dividends. Profit distribution shall not exceed the cumulative distributable profit or damage the Company's continuous operation capability;
2. Subject to the prevailing laws and regulations as well as any regulatory rules, the profit distributed by the Company in the form of cash every year shall be not less than 20% of the distributable profit realized in that year;
3. While ensuring its normal business development, the Company adheres to the principle of giving priority to the provision of cash dividends when making profit distribution; no share dividends may be distributed if no cash dividends were made during the year. The Board is obliged to put forward a cash dividend proposal and it should explain the proposed use or the principles for using the distributable profit realized but not distributed in the current year;
4. In the event that the Board fails to put forward a cash dividend proposal due to major investment plans or major cash expenditures or other reasons, it must explain the reasons and the specific use of the retained profits in the profit distribution proposals;
5. If the Board believes that the Company has relatively good future growth potential, relatively high net asset value per share, and that the Company's share price does not match its share capital or that distributing share dividends conforms to the overall interests of all shareholders, it may draw up share dividend distribution proposals subject to compliance with its cash dividend policies;
6. The Company generally distributes profits annually; the Board may also put forward interim profit distribution proposals in accordance with the Company's profit conditions and funding needs;
7. The Company shall exercise its right as the shareholder of its subsidiaries to ensure the Company's ability to implement the cash dividend plan in the current year with the profits distributed by its subsidiaries in cash.

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(II) The Company's differentiated cash dividend policy

The Board shall distinguish the following situations and put forward differentiated cash dividend policies in accordance with the procedures specified by the Articles of Association, by comprehensively considering the Company's industry features, development stage, mode of operation, profit level and any arrangement on major capital expenditure:

1. In the case where the Company is at a mature stage of development and there is no major capital expenditure arrangement, cash dividends shall account for at least 80% of the current profit distribution;
2. In the case where the Company is at a mature stage of development and there is major capital expenditure arrangement, cash dividends shall account for at least 40% of the current profit distribution;
3. If the Company is at the growth stage and there is major capital expenditure arrangement, cash dividends shall account for at least 20% of the current profit distribution.

In the case where the Board believes that it is not easy to distinguish the Company's development stages but there is major capital expenditure arrangement, provisions in the preceding paragraphs shall apply.

(III) The Company's review procedures on profit distribution

1. The Board shall formulate a profit distribution plan;
2. The profit distribution plan approved by the Board shall not be implemented until it is approved at the general meeting;
3. In the case where the Board fails to make a cash dividend plan or its cash dividend distribution plan does not comply with the Company's Articles of Association, the Board must explain the reasons and the use of retained profits in its periodic report, the independent non-executive directors shall provide their independent opinions in this regard;
4. The Supervisory Committee shall supervise the profit distribution plans formulated by the Board. It has the right to require the Board to make rectifications if the Board fails to make cash dividend distribution plans in accordance with the Company's Articles of Association or the cash dividend distribution plans made by the Board do not comply with the Company's Articles of Association;

5. If it is necessary to adjust profit distribution policies due to any major change to the business environment or the Company's internal operating conditions, the Board shall formulate new profit distribution policies and the independent non-executive directors and external supervisors shall give their opinions in this regard. The new profit distribution policies formulated by the Board shall be submitted to the general meeting for review and shall not be implemented until it is approved by more than 2/3 of the voting rights held by the shareholders who attend the general meeting. Voting at the general meeting shall be conducted in the form of on-site vote and online vote to facilitate the minority shareholders' participation in the formulation or modification of the profit distribution policies.

As for cash dividends and other payments to holders of onshore-listed shares, the Company shall pay in RMB, and payments to holders of foreign shares will be denominated and declared in RMB and paid in Hong Kong dollars. The Company shall, in accordance with the relevant regulations on foreign exchange control, pay in Hong Kong dollars for cash dividends and other payments to holders of foreign shares.

Upon passing of the resolution on profit distribution plan at the general meeting, the Company's Board shall complete the dividend (or share) distribution within two months after the general meeting.

**Article 186** When the Company distributes its after-tax profits of the current year, it shall withdraw 10% of the profits as its statutory common reserve fund. Such withdrawal may be stopped when the statutory common reserve fund of the Company has accumulated to more than 50% of the registered capital of the Company. Article 166 of the Company Law

If the statutory common reserve fund is insufficient to make up for the losses of the preceding year, the profits of the current year shall first be used to make up for the said losses before any statutory common reserve fund is withdrawn as per the preceding paragraph.

After statutory common reserve fund is withdrawn out of the after-tax profits, discretionary common reserve fund may also be withdrawn out of the same as per a resolution made at a general meeting.

If the Board of Shareholders, general meeting or the Board, in violation of the provisions in the preceding paragraph, distributes profits to shareholders before the Company makes up for losses and withdraws statutory common reserve fund, the shareholders shall return the profits thus distributed to the Company.

The shares of the Company held by the Company shall not be subject to profit distribution.



- Article 187** The Company shall appoint collection agents for holders of overseas listed foreign shares. The collection agents shall, on behalf of the related shareholders, collect dividends distributed by the Company for the overseas listed foreign shares and other payables. Article 140 of the Mandatory Provisions
- The collection agents appointed by the Company shall meet the requirements of the laws or the stock exchange of the listing place. Zheng Jian  
Hai Han No. 8
- The collection agents appointed by the Company for holders of foreign shares listed on the Hong Kong Stock Exchange shall be trust companies registered pursuant to Trustee Ordinance of Hong Kong. Rule 51 of Chapter 19A of Listing Rules
- The Company shall have the right to stop sending dividend coupons by post to a holder of overseas listed foreign shares when the dividend coupons are not cashed for two consecutive times. However, the Company may also exercise such a right when the dividend coupons are returned after they are sent to the addressee for the first time. Sec. 1(c) of Appendix 13D to Listing Rules
- Regarding exercise of right to issue warrants to anonymous holders, the Company shall not issue any new warrant to replace the lost one, unless it is sure beyond reasonable doubt that the original warrant has been destroyed.
- The Company shall have the right to sell the shares of the holders of overseas listed foreign shares who cannot be reached in a manner deemed as appropriate by the Board, but it shall comply with the following conditions:
- (I) Dividends have been distributed for the said shares for at least three times in 12 years, but are not claimed in the said period; and
  - (II) Upon expiry of the 12-year period, the Company shall announce its intent to sell the shares in one or more newspapers at the listing place of the Company, and notify the stock exchange on which the said shares are listed.
- Provided that the relevant PRC laws and regulations are observed, the Company may exercise the right to seize dividends not collected, but the said right shall not be exercised before expiry of the applicable validity period.
- Monies paid for any shares before dunning shall have dividends, but the holders of shares are not entitled to dividends announced later for the said monies.

## CHAPTER 17 APPOINTMENT OF CERTIFIED PUBLIC ACCOUNTANTS

- Article 188** The Company shall appoint qualified independent certified public accountants to audit the annual financial reports and other financial reports of the Company. Article 141 of the Mandatory Provisions
- Article 189** The term of appointment of certified public accountants for the Company shall be from conclusion of one annual general meeting to conclusion of the next annual general meeting. The appointment may be extended upon expiry of the period of appointment. Article 142 of the Mandatory Provisions
- Article 190** The certified public accountants appointed by the Company shall have the following rights: Article 143 of the Mandatory Provisions
- (I) To access the account books, records or vouchers of the Company at any time, and to ask directors, general manager or other senior executives to provide relevant documents and explanations;
  - (II) To ask the Company to take every action possible to obtain documents and explanations from its subsidiaries needed for the certified public accountants to perform their duties;
  - (III) To be present at general meetings, get notice of general meeting that any shareholder has the right to receive or other information relating to general meetings, and deliver speeches at any general meeting in relation to the matters concerning the certified public accountants.
- Article 191** In the event of vacancy of certified public accountants, the Board may appoint certified public accountants to fill the said vacancy before convening of a general meeting. During duration of the said vacancy, if the Company has any incumbent certified public accountants, the said certified public accountants may still fulfil their duties. Article 144 of the Mandatory Provisions
- Article 192** Regardless of the terms in the contract concluded between the certified public accountants and the Company, the general meeting may, through an ordinary resolution, dismiss the said certified public accountants before expiry of the term thereof. In the event of any rights claimed by the certified public accountants against the Company, the said rights shall not be affected. Article 145 of the Mandatory Provisions
- Article 193** The remunerations of the certified public accountants or the method for determining the same shall be subject to the decision of the general meeting. The remunerations of the certified public accountants appointed by the Board shall be determined by the Board. Article 146 of the Mandatory Provisions

**Article 194** Appointment, dismissal or non-appointment of certified public accountants by the Company shall be subject to decision at the general meeting and shall be filed with the securities regulatory authority under the State Council. Article 147 of the Mandatory Provisions

The general meeting shall comply with the following provisions in passing a resolution to appoint non-incumbent certified public accountants to fill any vacancy of certified public accountants or continue appointing certified public accountants appointed by the Board to fill the vacancy or dismiss incumbent certified public accountants before the expiry of its term: Zheng Jian Hai Han No. 9 and Sec. 1(e)(i) of Appendix 13D to Listing Rules

(I) The proposal for appointment or dismissal shall, before the notice of general meeting is sent, be served to certified public accountants to be appointed or to terminate service or having terminated service in the relevant fiscal year. Rule 17 of Appendix 3 to Listing Rules

Termination of service shall include dismissal, resignation or retirement.

(II) If the certified public accountants about to terminate service make a written statement and request the Company to notify the shareholders of the said statement, the Company shall take the following actions unless the statement is received too late:

1. Describe in the notice issued for the resolution that the certified public accountants about to terminate service have made a statement; and
2. Send to the shareholders entitled to receive the notice of general meetings a copy of the statement as an attachment to the notice in the form specified in the Articles of Association.

(III) If the Company fails to send out the statement of the certified public accountants as per (II) herein, the relevant certified public accountants may require that the said statement be read at the general meeting and may further lodge a complaint.

(IV) Certified public accountants about to terminate service have the right to attend the following meetings:

1. The general meeting at which their term of appointment expires;
2. The general meeting for filling vacancy because of their termination of service; and
3. The general meeting held because of their resignation.

The certified public accountants about to terminate service have the right to receive all the notices of the aforesaid meetings or other information relating to the meetings, and deliver speeches at the meetings in relation to the matters concerning the certified public accountant.

**Article 195** Where the Company dismisses or does not continue appointing the certified public accountants, prior notice shall be given to the certified public accountants, and the certified public accountants shall have the right to state their opinions to the general meeting. Where the certified public accountants tender their resignation, they shall state to the general meeting whether the Company has anything inappropriate.

Article 148 of the Mandatory Provisions

The certified public accountants may resign by placing a written notice of resignation at the legal address of the Company. The said notice shall take effect on the date of delivery to the legal address of the Company or on a later date specified in the notice. The said notice shall include the following statements:

Zheng Jian Hai Han No. 10 and Sec. 1(e)(ii) of Appendix 13D to Listing Rules

- (I) A statement that their resignation does not involve any information to be disclosed to the shareholders or creditors of the Company; or
- (II) A statement of any such information to be disclosed.

The Company shall send a copy of the written notice mentioned in the preceding paragraph to relevant competent authority within 14 days after receipt of the said notice. If the notice contains the statement mentioned in (II) of the preceding paragraph, the Company shall keep a copy of the said statement in the Company for reference by the shareholders. The Company shall also send a copy of the aforesaid statement to every shareholder who has the right to obtain the financial reports of the Company, as per the addresses in the shareholders' register.

Sec. 1(e)(iii) of Appendix 13D to Listing Rules

If the notice of resignation of the certified public accountants contains the statement mentioned in (II) of Paragraph 2 herein, the certified public accountants may require the Board to convene an extraordinary general meeting to listen to their explanation about the resignation.

Sec. 1(e)(iv) of Appendix 13D to Listing Rules

## CHAPTER 18 MERGER AND DIVISION OF THE COMPANY

**Article 196** In respect of the merger or division of the Company, the Board shall propose a plan and have it adopted following the procedure specified in the Articles of Association, and go through relevant examination and approval formalities pursuant to law. Any shareholder objecting to merger or division of the Company shall have the right to require the Company or the shareholders approving merger or division of the Company to buy his shares at a fair price. Resolution on merger or division of the Company shall be archived as special document for reference by the shareholders.

Article 149 of the Mandatory Provisions

The aforesaid document shall also be served by post to holders of overseas listed foreign shares, as per the addresses in the shareholders' register.

- Article 197** Merger of the Company may be in two forms: merger by absorption and merger by consolidation. Article 150 of the Mandatory Provisions and Articles 172, 173 and 174 of the Company Law
- In the event of merger of the Company, the parties concerned shall conclude a merger agreement and prepare balance sheets and property inventories. The Company shall notify all creditors within 10 days after adoption of the merger resolution and shall make announcements in newspapers within 30 days. The creditors may require the Company to repay debts or provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice.
- The creditor's rights and debts of the parties concerned after merger of the Company shall be inherited by the company subsisting after merger or by the newly established company.
- Article 198** Where the Company is divided, its properties shall be divided accordingly. Article 151 of the Mandatory Provisions and Articles 175 and 176 of the Company Law
- In the event of division of the Company, the parties concerned shall conclude a division agreement and prepare balance sheets and property inventories. The Company shall notify all creditors within 10 days after adoption of the division resolution and shall make announcements in newspapers within 30 days.
- The companies after division shall bear joint liability for the debts of the Company before division, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before division.
- Article 199** Change to registered particulars arising from a merger or division of the Company shall be registered with the company registration authority according to law. If the Company is dissolved, a cancellation of its registration shall be effected according to law. If a new company is established, registration of such establishment shall be effected according to law. Article 152 of the Mandatory Provisions

## CHAPTER 19 DISSOLUTION AND LIQUIDATION OF THE COMPANY

- Article 200** The Company shall be dissolved and liquidated according to law in any of the following circumstances: Article 153 of the Mandatory Provisions, Articles 180 and 182 of the Company Law and Article 180 of the Guidelines on Articles
- (I) Any circumstance for dissolution specified in the Articles of Association arises;
  - (II) The general meeting has resolved to dissolve the Company;
  - (III) Merger or division of the Company entails dissolution;
  - (IV) The Company is declared bankrupt according to law because it is unable to pay its debts as they fall due;
  - (V) The business license is revoked according to law, or the Company is ordered to close or is cancelled;

(VI) If the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the shareholders, and no solution can be found through any other channel, the shareholders holding more than 10% of the total voting rights of the Company may request the People's Court to dissolve the Company.

If the Company is dissolved by reason of the preceding paragraph, a liquidation team shall be established within 15 days after the reasons for the dissolution occur. The liquidation team shall be established by the directors or persons approved by the general meeting. If no liquidation team is established after the said timeframe, the creditors may apply to the People's Court for appointment of relevant persons to establish a liquidation team to commence liquidation.

**Article 201** In the circumstance set out in (I) of the preceding article, the Company may continue to subsist by amending the Articles of Association. Where the Company dissolves pursuant to (I), (II), (V) and (VI) of the preceding article, a liquidation group shall be set up within 15 days and the members thereof shall be decided by an ordinary resolution at a general meeting.

Article 154 of the Mandatory Provisions and Article 183 of the Company Law

If the Company is dissolved pursuant to (IV) of the preceding article, a liquidation group comprising shareholders, relevant departments and relevant professionals shall be established by the People's Court in accordance with relevant laws to carry out the liquidation.

If the liquidation group is not duly set up, the creditors may request the People's Court to designate related persons to form a liquidation group to carry out liquidation. The People's Court shall accept such request and form a liquidation group so as to carry out liquidation in a timely manner.

**Article 202** If the Board decides to liquidate the Company (save for liquidation when the Company is declared bankrupt), the notice of general meeting to be held therefor shall contain a statement that the Board has made a thorough investigation on the conditions of the Company and that the Company may repay all its debts within 12 months after commencement of liquidation.

Article 155 of the Mandatory Provisions

After the resolution on liquidation is adopted at the general meeting, the functions and powers of the Board shall terminate immediately.

The liquidation group shall, as per the instructions of the general meeting, report to the general meeting at least once a year about the revenues and expenses of the liquidation group, the businesses of the Company and the progress of liquidation, and deliver a final report to the general meeting at the end of liquidation.



- Article 203** The liquidation group shall notify all creditors within 10 days after its establishment and shall make announcements in newspapers within 60 days. The creditors shall declare their creditor's rights to the liquidation group within 30 days after receipt of the notice or within 45 days after announcement if the creditors have not received the notice. To declare their creditor's rights, the creditors shall explain matters relating to their rights and provide relevant evidential documents. The liquidation group shall register the creditor's rights according to law. Article 156 of the Mandatory Provisions and Article 185 of the Company Law
- Article 204** During liquidation, the liquidation group shall exercise the following functions and powers: Article 157 of the Mandatory Provisions and Article 184 of the Company Law
- (I) To examine and take possession of the assets of the Company and prepare a balance sheet and a property inventory;
  - (II) To inform creditors by notice or announcement;
  - (III) To deal with the outstanding businesses of the Company relating to liquidation;
  - (IV) To pay off the outstanding taxes and the taxes incurred in the process of liquidation;
  - (V) To settle creditor's rights and debts;
  - (VI) To dispose of the remaining assets of the Company after repayment of debts;
  - (VII) To represent the Company in civil proceedings.
- Article 205** After the liquidation group has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit it to the general meeting or the relevant competent authority for confirmation. Article 158 of the Mandatory Provisions and Article 186 of the Company Law
- The assets of the Company shall be liquidated in the following order of priority: liquidation expenses, employees' salaries, social insurance expenses, statutory compensations, outstanding taxes, and the Company's debts.
- The assets of the Company remaining after liquidation as specified in the preceding paragraphs shall be distributed to the shareholders as per the types of their shares and their shareholding percentages.
- During the liquidation, the company continues to exist but shall not carry out any business operation that has nothing to do with liquidation.
- Before liquidation as specified in the preceding paragraphs, the assets of the Company shall not be distributed to shareholders.



**Article 206** In the event of liquidation due to dissolution of the Company, after the liquidation group has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the People's Court to declare the Company bankrupt.

Article 159 of  
the Mandatory  
Provisions

Once the People's Court makes a ruling declaring the Company bankrupt, the liquidation group shall hand over the liquidation matters to the People's Court.

**Article 207** After completion of liquidation of the Company, the liquidation group shall prepare a liquidation report and income and expenditure statements and account books in respect of the liquidation period and, after verification of the Chinese certified public accountants, shall submit the same to the general meeting or the relevant competent authority for confirmation.

Article 160 of  
the Mandatory  
Provisions

The liquidation group shall, within 30 days after obtaining confirmation from the general meeting or the relevant competent authority, submit the aforesaid documentation to the company registration authority, and apply to cancel registration of the Company and announce termination of the Company.

## CHAPTER 20 PROCEDURE FOR AMENDING ARTICLES OF ASSOCIATION

**Article 208** The Company may amend the Articles of Association pursuant to the laws, administrative regulations, Listing Rules and the Articles of Association.

Article 161 of  
the Mandatory  
Provisions

**Article 209** If the amendment to the Articles of Association involves any content of *Mandatory Provisions*, the said amendment shall be subject to approval by the company examination and approval authority authorized by the State Council and the securities regulatory authority under the State Council; if the amendment involves registration of the Company, the involved change shall be registered pursuant to law.

Article 162 of  
the Mandatory  
Provisions

## CHAPTER 21 NOTICE

**Article 210** The notice of the Company may be served as follows:

Articles 163  
and 164 of the  
Guidelines on  
Articles

(I) By personal delivery;

(II) By post;

(III) By fax or email;

(IV) By announcement on the website designated by the Company and the Hong Kong Stock Exchange in accordance with the laws, administrative regulations and listing rules of the stock exchange at the location where the Company's shares are listed;

- (V) By bulletin;
- (VI) By other means specified beforehand by the Company or the recipient or approved by the recipient after receiving the notice;
- (VII) By other means approved by the relevant regulatory authority at the location where the Company's shares are listed or stipulated in the Articles of Association.

Unless the context otherwise requires, "announcement" described in these Articles of Association shall refer to the announcement published in such Chinese newspapers as specified, agreed or approved by the Chinese laws and regulations or the securities regulatory authorities under the State Council when issued to holders of onshore-listed shares or within the PRC in accordance with relevant regulations and the Articles of Association; or the announcement published in newspapers and/or other media (including websites) specified in accordance with relevant requirements of Listing Rules when issued to holders of the Company's H shares or in Hong Kong in accordance with relevant regulations and the Articles of Association.

Save as otherwise specified in the Articles of Association, if the Company sends the notice to the holders of H shares by announcement, it shall, according to the requirements of the Listing Rules, submit an electronic version that can be immediately published to the Hong Kong Stock Exchange via the electronic publication system of the Hong Kong Stock Exchange on the same day, so that it can be published on the website of the Hong Kong Stock Exchange, or publish the announcement in the newspapers and periodicals according to the requirements of the Listing Rules (including publishing ads in newspapers and periodicals). The announcement shall also be published on the Company's website. Moreover, save as otherwise specified in the Articles of Association, the notice shall be served by personal delivery or prepaid mail to the addresses of all the holders of overseas listed foreign shares in the shareholders' register, so that the shareholders are fully notified and have sufficient time to exercise their rights or act as per the notice.

The holders of overseas listed foreign shares of the Company may choose in written form to obtain (by email or by post) the information of the Company that the Company shall send to the shareholders, and may choose to receive either or both of the Chinese and English versions. They may also change the method for receiving the aforesaid information and the language version to be received as per appropriate procedures by sending a written notice to the Company in advance within a reasonable period.

If any shareholder or director wants to prove he/she has sent any notice, document, information or written statement to the Company, he/she shall provide evidence proving that the relevant notice, document, information or written statement has been served in a usual way or by prepaid mail to the correct address within the specified time.

Although the preceding paragraph specifies that the Company shall provide and/or send the information of the Company to the shareholders in written form, regarding the method used by the Company to provide and/or send information of the Company to the shareholders according to the requirements of the Listing Rules of the Hong Kong Stock Exchange, if the Company has obtained the shareholders' prior written consent or implied consent according to the relevant laws and regulations and the Listing Rules of the Hong Kong Stock Exchange amended from time to time, the Company may send or provide the information of the Company to its shareholders in an electronic way or by announcement on its website. Information of the Company includes but is not limited to: circular, annual report, interim report, notice of a general meeting and other information set out in the Listing Rules of the Hong Kong Stock Exchange.

**Article 211** If the notice is sent by post, it is only required to specify the address and prepaid postage and put the notice in the envelope, and putting the envelope enclosing the said notice into the mailbox shall be deemed as sending out the notice, and the notice shall be deemed as served 48 hours after it is sent out.

## **CHAPTER 22 SETTLEMENT OF DISPUTES**

**Article 212** The Company shall settle disputes following the rules below:

Zheng Jian  
Hai Han No.  
11 and Article  
163 of the  
Mandatory  
Provisions  
Rule 54(3) of  
Chapter 19A  
of Listing  
Rules

(I) In the event of any dispute or claim between the Company and a director, supervisor or senior executive, between a holder of overseas listed foreign shares and the Company, between a holder of overseas listed foreign shares and a director, supervisor or senior executive of the Company, and between a holder of overseas listed foreign shares and a holder of domestic shares arising from rights and obligations specified in the Articles of Association, contracts concluded according to Articles 172 and 173 of the Articles of Association, Company Law and other relevant laws and administrative regulations and relating to the affairs of the Company, the parties concerned shall submit the said dispute or claim for arbitration.

The aforesaid dispute or claim submitted for arbitration shall be the entire dispute or claim; all the persons who complain for the same reason or who are required to participate in the settlement of the dispute or claim shall accept the arbitration award if they are the Company or its shareholders, directors, supervisors or senior executives.

Disputes relating to definition of shareholders and shareholders' register may be settled by means other than arbitration.

- (II) The applicant for arbitration may select China International Economic and Trade Arbitration Commission for arbitration following the arbitration rules thereof or select Hong Kong International Arbitration Centre for arbitration following the securities arbitration rules thereof. After the applicant for arbitration submits the dispute or claim for arbitration, the other party shall accept arbitration at the arbitral body selected by the applicant.

If the applicant for arbitration selects Hong Kong International Arbitration Centre for arbitration, either party may request that the arbitration be conducted in Shenzhen following the securities arbitration rules of Hong Kong International Arbitration Centre.

- (III) Settlement of disputes or claims set out in (I) by way of arbitration shall be governed by PRC laws save as otherwise specified by laws and administrative regulations.
- (IV) The arbitration award made by the arbitral body shall be final and binding on both parties.
- (V) The said arbitration agreement is reached between the directors or senior executives and the Company, with the Company representing both itself and its shareholders.
- (VI) Any arbitration submitted shall be deemed as authorizing the arbitration tribunal to conduct public hearing and announce the arbitration award.

## CHAPTER 23 SUPPLEMENTARY PROVISIONS

- Article 213** The phrases “more than”, “within” and “less than” as mentioned in the Articles of Association are inclusive while “exceeding” and “beyond” are exclusive.
- Article 214** The meaning of the certified public accountants in the Articles of Association is the same as that of “auditors”. Article 165 of the Mandatory Provisions
- Article 215** All the circulars or other documents that the Company shall submit to the Hong Kong Stock Exchange shall be compiled in English or attached with a signed and certified English version. Rule 56 of Chapter 19A of Listing Rules
- The Articles of Association shall be executed in Chinese. In the event of any conflict between the Chinese version and other language versions, the Chinese version shall prevail.
- Should there be any inconsistency between the Articles of Association and relevant laws, regulations, normative documents and the listing rules of the stock exchange on which the Company’s shares are listed in respect of the issue, the latter shall prevail.
- Any matters not covered herein shall be handled in accordance with the relevant laws, regulations, normative documents, the listing rules of the stock exchange on which the Company’s shares are listed.
- Article 216** The Articles of Association shall be subject to the interpretation of the Board of the Company, and shall come into effect upon consideration and approval by the general meeting of the Company.