

**SHANDONG FENGXIANG CO., LTD.**

**Articles of Association**

**February 2023**

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# Articles of Association of Shandong Fengxiang Co., Ltd.

## Chapter 1 General Provisions

**Article 1** Shandong Fengxiang Co., Ltd. (hereinafter referred to as the “**Company**”) is a joint-stock limited company incorporated under the *Company Law of the People’s Republic of China* (hereinafter referred to as the “**Company Law**”), *Securities Law of the People’s Republic of China*, *Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies* (hereinafter referred to as the “**Special Regulations**”), *Mandatory Provisions for Articles of Association of Companies to be Listed Overseas*, *Reply on Opinions Concerning the Supplement and Amendment to Articles of Association by Companies to Be Listed in Hong Kong*, *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (“**Main Board Listing Rules**”) and other relevant State laws and administrative regulations.

The Company was established by way of promotion on 17 December 2010 and was registered with and obtained a business license from Liaocheng Administration for Industry and Commerce on 17 December 2010.

The unified social credit code of the Company is: 91371500723866545F.

The promoters of the Company are GMK Holdings Group Co., Ltd. and Shandong Fengxiang Investment Co., Ltd.

**Article 2** Registered name of the Company:

Full name in Chinese: 山東鳳祥股份有限公司

Full name in English: Shandong Fengxiang Co., Ltd.

**Article 3** Domicile of the Company: Liumiao Village, Anle Town, Yanggu County, Shandong Province

Postal code: 252325

Tel.: 0635-7136000

Fax: 0635-7136002

**Article 4** The legal representative of the Company is the chairman of the Board of Directors of the Company.

**Article 5** The business term of the Company is 30 years. The Company has the status of independent legal person. The Company shall bear liability for its debts with all its assets; shareholders of the Company bear their liabilities to the Company to the extent of the shares they subscribe for.

**Article 6** The Articles of Association are norms of conduct for the Company, are adopted by the general meeting by special resolution, take effect when the overseas listed foreign shares of the Company are approved by relevant national departments and relevant regulatory authorities to be listed on the Stock Exchange of Hong Kong Limited (hereinafter referred to as “**Hong Kong Stock Exchange**”), and supersede the original articles of association filed with the administration for industry and commerce. From the date on which the Articles of Association came into effect, the Articles of Association constitute a legally binding document regulating the organization and activities of the Company, and the rights and obligations between the Company and each shareholder and among the shareholders themselves.

**Article 7** The Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors, and other senior management members, who shall have the right to make any claims and propositions regarding the Company’s affairs based on the Articles of Association.

The shareholders of the Company may pursue actions against the Company in accordance with the Articles of Association, and the Company may pursue actions against its shareholders in accordance with the Articles of Association; the shareholders of the Company may pursue actions against the Company’s directors, supervisors and other senior management members pursuant to the Articles of Association.

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.

**Article 8** The Company may invest in other limited liability companies or joint-stock limited companies, and the Company’s liability towards such invested entities shall be limited to the amount of its capital contribution to them.

Unless otherwise provided by laws, the Company shall not be jointly and severally liable to such invested entities for their debts as their investor.

**Article 9** Other senior management members mentioned herein refer to deputy general manager, financial officer and secretary to the Board.

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

**Article 10** The business objectives of the Company are to develop the Company into a world-class enterprise undertaking social responsibilities and giving back to the society, with an aim to create value for customers, provide job opportunities for employees and deliver satisfactory returns to shareholders.

**Article 11** The business scope of the Company is: Licensed items: poultry breeding; poultry slaughtering; production of breeding livestock and poultry; operation of breeding livestock and poultry; food production; food operation; Internet sales of foods; grain purchase; feed production; veterinary drug operation; fertilizer production; animal carcass innocuous treatment; import and export of foods; import and export of goods; import and export of technologies; import and export

agency. (For items required to be approved by law, operation may be conducted only with the approval of relevant departments, and specific licensed items should be determined by approval documentations or licenses issued by relevant government agencies) General items: sales of livestock and fishery feeds; sales of agricultural by-products; sales of fertilizer; technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; Chinese herbal medicine cultivation (except for Chinese rare and unique precious fine varieties); purchase and sale of Chinese herbal medicine (excluding Chinese medicine decoction pieces) of the place of origin; conference and exhibition services. (Except for projects that are subject to approval in accordance with the laws, the business activities should be conducted independently with the business licence(s) in accordance with the laws) (All business scope does not involve the content of Administrative Measures (Negative List) for Foreign Investment Access).

The business scope referred to in the preceding paragraph shall be subject to review by the company registration authority.

The Company may adjust its business scope according to changes in domestic and overseas markets, business development and natural capability and business needs, and shall register relevant changes with the relevant administration for industry and commerce.

### **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 approval authority authorized by the State Council, the Company may create other classes of shares when needed.

If the Company creates other classes of shares, it shall specify the order of rights entitled to these different classes of shares in any distribution by dividend or other forms. If the share capital of the Company includes shares without voting rights, such shares shall be specified as “Without Voting Right”. If the share capital includes shares with different voting rights, each class of shares (except those with most preferential voting right) shall be specified as “Restricted Voting Right” or “Limited Voting Right”.

**Article 13** The shares of the Company shall take the form of share certificates. All shares issued by the Company shall have par values, with each share having a par value of RMB1 (save as otherwise specified, yuan referred to herein is RMB).

RMB referred to in the preceding paragraph refers to the statutory currency of the People’s Republic of China.

**Article 14** Shares of the Company shall be issued in a transparent, fair and just manner. Shares of the same class shall have the same right.

All shares of the same class issued at the same time shall be issued under the same conditions and at the same price, and the same price shall be paid for each of the shares subscribed for by any entity or individual.

Domestic shares and overseas listed foreign shares issued by the Company shall rank *pari passu* over any distribution by way of dividend or any other forms of distribution.

**Article 15** The Company may issue its shares to both domestic and foreign investors with the approval of securities regulatory authorities of the State Council.

Foreign investors as referred to in the preceding paragraph shall mean those investors in foreign countries and in Hong Kong Special Administrative Region, Macau Special Administrative Region or Taiwan, who subscribe for shares of the Company. Domestic investors shall mean those investors in the People’s Republic of China, 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 referred to as domestic shares. Shares that the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares listed outside the PRC are referred to as overseas listed foreign shares.

Foreign currency referred to in the preceding paragraph means 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 share price to the Company.

Both holders of domestic shares and holders of foreign shares are holders of ordinary shares, and have and bear the same rights and obligations.

**Article 17** Foreign shares issued by the Company which are listed on the Hong Kong Stock Exchange shall be called H shares. H shares are shares which have been admitted for listing on the Hong Kong Stock Exchange, the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

**Article 18** The Company, at the time of its establishment, issued 86,000,000 ordinary shares to its promoters, all of which are subscribed for and held by the promoters of the Company, among which:

<b>Name of shareholder</b>	<b>Number of shares subscribed (10,000 shares)</b>	<b>Shareholding percentage (%)</b>
GMK Holdings Group Co., Ltd.	5,160	60
Shandong Fengxiang Investment Co., Ltd.	<u>3,440</u>	<u>40</u>
Total	<u><u>8,600</u></u>	<u><u>100</u></u>

**Article 19** Subject to the approval of the securities regulatory authorities of the State Council, the Company may issue no more than 408,250,000 overseas new listed foreign shares, all of which are ordinary shares. Upon the completion of the issuance of overseas listed foreign shares, the shareholding structure of the Company shall be as follows: In the event that the Over-allotment Option is not exercised, the total share capital of the Company will be 1,400,000,000 shares, of which 1,045,000,000 domestic shares account for approximately 74.6% of the total share capital and 355,000,000 overseas listed foreign shares account for approximately 25.4% of the total share capital; in the event that the Over-allotment Option is exercised in full, the total share capital of the Company will be 1,453,250,000 shares, of which 1,045,000,000 domestic shares account for approximately 71.9% of the total share capital and 408,250,000 overseas listed foreign shares account for approximately 28.1% of the total share capital.

**Article 20** Upon approval by the securities regulatory authorities of the State Council in respect of the plan of the Company to issue overseas listed foreign shares and domestic shares, the Board of the Company may make implementation arrangements for such plan by means of separate issuance.

The Company may implement its plan to separately issue overseas listed foreign shares and domestic shares pursuant to the preceding paragraph within 15 months from the date of approval by the securities regulatory authorities of the State Council.

**Article 21** In the event that there are overseas listed foreign shares and domestic shares included in the total number of shares specified in the issuance plan of the Company, such shares shall be fully subscribed for at one time, or if the shares cannot be fully subscribed for at one time due to special circumstances, such shares may be issued in separate tranches, subject to the approval of the securities regulatory authorities of the State Council.

**Article 22** The registered capital of the Company is RMB1,400,000,000.

**Article 23** Unless otherwise provided by the PRC laws, administrative regulations and relevant requirements of the securities regulatory authority of the place where the Company's shares are listed, fully-paid shares of the Company are freely transferable and are not subject to any lien. Transfer of overseas listed foreign shares listed in Hong Kong shall be registered with the Hong Kong-based share registry designated by the Company.

#### **Chapter 4 Increase, Decrease and Repurchase of Shares**

**Article 24** In light of the demands of operation and development and based on laws, regulations and the Articles of Association, after obtaining special resolutions of the general meeting, the Company may increase its capital through the following ways:

- (I) offering new shares to non-given investors;
- (II) allotment of new shares to existing shareholders;
- (III) offering bonus shares to existing shareholders;

- (IV) offering new shares to employees by option;
- (V) transferring capital reserve funds;
- (VI) other methods provided by laws and administrative regulations or permitted by relevant regulatory authorities.

The Company's issuance of new shares to increase capital shall be handled in accordance with the procedures provided for in relevant State laws and administrative regulations after having been approved in accordance with the Articles of Association.

**Article 25** The Company may reduce its registered capital in accordance with the provisions of the Articles of Association. The reduction of registered capital shall follow the procedures set forth in the *Company Law* and other relevant regulations and provisions of the Articles of Association.

**Article 26** When the Company is to reduce its registered capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days of adopting the resolution to reduce its registered capital and shall publish an announcement about the resolution in the newspapers at least three times within 30 days. Creditors shall, within 30 days since receiving a notice or within 90 days since the date of the first public announcement for those who have not received a notice, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee for repayment.

The reduced registered capital of the Company may not be less than the statutory minimum.

**Article 27** Upon obtaining the approval from relevant national competent authorities, the Company may, in the following circumstance, repurchase its shares pursuant to laws, administrative regulations, *Main Board Listing Rules*, departmental rules and the Articles of Association:

- (I) to cancel the shares for the purpose of reducing the registered capital of the Company;
- (II) to merge with other companies holding the shares of the Company;
- (III) to give the shares for employee stock ownership plan or stock ownership incentive;
- (IV) to be requested to repurchase the shares held by the shareholders who object to the resolutions adopted at the general meeting concerning consolidation and division of the Company;
- (V) to convert the shares to corporate bonds that are issued by the Company and convertible to stocks;
- (VI) to be necessary to safeguard the value of the Company and the interests of its shareholders;

(VII) other circumstances where laws and administrative regulations so permit.

The purchase by the Company of its own shares for the reasons set forth in Items (I) and (II) above shall be subject to the resolutions adopted at the general meeting; the purchase of shares under Items (III), (V) and (VI) above, shall be subject to the resolutions adopted at the Board meeting where over two-thirds of the directors are present, in accordance with provisions of the Articles of Associations or the authorization by the general meeting.

Where the laws, administrative regulations, departmental rules, the Articles of Association, and stock exchanges and securities regulatory authorities of the place where the Company's shares are listed have other requirements on the relevant matters involved in the aforementioned share repurchase, the provisions shall prevail.

**Article 28** The repurchase of the Company's shares, upon the approval by the relevant national competent authorities, may be conducted in any of the following manners:

- (I) making a repurchase offer to all shareholders in the same proportion;
- (II) repurchase through open transactions in a stock exchange;
- (III) repurchase by way of off-market agreement outside a stock exchange;
- (IV) other circumstances approved by laws, administrative regulations or regulatory authorities.

**Article 29** When the Company is to repurchase shares by way of off-market agreement outside a stock exchange, prior approval shall be obtained from the general meeting in accordance with the Articles of Association. Upon prior approval of the general meeting obtained in the same manner, the Company may rescind or change contracts concluded in the manner set forth above or waive any of its rights under such contracts.

For the purposes of the above paragraph, contracts for the repurchase of shares shall include (but not be limited to) agreements whereby repurchase obligations are undertaken and repurchase rights are acquired.

The Company may not assign contracts for the repurchase of its own shares or any of its rights thereunder.

**Article 30** With regard to redeemable shares which the Company has the right to repurchase, if they are not repurchased via market or by way of bidding, the price of these shares shall be restricted to the highest price within a certain extent; if they are repurchased by way of bidding, the proposal for bidding shall be made to all shareholders under the same conditions.

**Article 31** Shares lawfully repurchased by the Company under Item (I) of Article 27 herein shall be cancelled within 10 days from the date of repurchase; shares repurchased under Items (II) and (IV) of Article 27 herein shall be transferred or cancelled within six months; and in the event of

acquisition of the shares by the Company in accordance with Items (III), (V) and (VI) of Article 27 herein, the total shares held by the Company shall not exceed 10% of the total shares issued by the Company, and such shares shall be transferred or cancelled within three years.

After the Company lawfully cancelled such shares, the Company shall apply to the original company registration authority for registration of the change of its registered capital and make relevant announcement.

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

**Article 32** The Company shall not accept objects pledged with shares of the Company.

**Article 33** Unless the Company has already entered the liquidation stage, it must comply with the following provisions in buying back its issued and outstanding shares:

- (I) where the Company buys back shares at their par value, the amount thereof shall be deducted from the book balance of distributable profit and from the proceeds of a new share issuance made to repurchase the old shares;
- (II) where the Company buy backs shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profit and from the proceeds of a new share issuance made to buy back the old shares. The portion in excess of the par value shall be handled according to the following methods:
  - 1. where the shares bought back were issued at their par value, the amount shall be deducted from the book balance of distributable profit;
  - 2. where the shares bought back were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit and from the proceeds of a new share issuance made to buy back the old shares; however, the amount deducted from the proceeds of the new share issuance may not exceed the total premium obtained at the time of issuance of the old shares nor may it exceed the amount in the Company's share premium account (or capital reserve funds account) (including the premiums from the new share issuance) at the time of buy-back;
- (III) the amount paid by the Company for the purposes set forth below shall be paid out of the Company's distributable profits:
  - 1. acquisition of the right to repurchase its own shares;
  - 2. modification of any contract for repurchase of its own shares;
  - 3. release from any of its obligations under any repurchase contracts.

- (IV) after the par value of the cancelled shares has been deducted from the registered capital of the Company in accordance with relevant regulations, that portion of the amount deducted from the distributable profit and used to buy back shares at the par value shall be included in the Company's share premium account (or capital reserve funds account).

## **Chapter 5 Financial Assistance for Purchasing the Company's Shares**

**Article 34** The Company or its subsidiaries shall not at any time provide any financial assistance in any form to purchasers or prospective purchasers of the shares in the Company. Such purchasers of the Company's shares referred to above shall include persons that directly or indirectly undertake obligations for the purpose of purchasing shares in the Company.

The Company or its subsidiaries shall not at any time provide any financial assistance in any form to the above obligors in order to reduce or discharge their obligations.

The provisions of this article do not apply to the circumstances set out in Article 36 of the Articles of Association.

**Article 35** Financial assistance referred to in this chapter shall include but not be limited to:

- (I) gift;
- (II) guarantee (including the case where the guarantor undertakes liability or provides property to ensure fulfillment of obligations by the obligor), compensation (excluding compensation arising out of the Company's own error), termination or waiver of rights;
- (III) provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligation of performance by the other party to the contract, or a change in the party to such loan or contract as well as the assignment of rights under such loan or contract; and
- (IV) financial assistance in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a major reduction in the Company's net assets.

"Undertake obligations" as referred to herein include the undertaking of an obligation by the obligor by entering into a contract or making an arrangement or by changing its financial position in any other way; whether or not such contract or arrangement is enforceable and whether or not such obligation is undertaken by the obligor individually or jointly with any other person.

**Article 36** The following acts are not deemed as prohibited under Article 34 of the Articles of Association:

- (I) where the Company provides the relevant financial assistance truthfully for the benefit of the Company and the main purpose of the financial assistance is not to purchase shares of the Company, or the financial assistance is an incidental part of an overall plan of the Company;
- (II) lawful distribution of the Company's property in the form of dividends;
- (III) distribution of dividends in the form of shares;
- (IV) a reduction of registered capital, repurchase of shares, adjustment to shareholding structure effected in accordance with these Articles of Association;
- (V) provision of a loan by the Company within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of the Company or that if the same results in a reduction, the financial assistance is paid out of the Company's distributable profits); and
- (VI) the provision of funds by the Company for an employee shareholding plan (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance is paid out of the Company's distributable profits).

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

**Article 37** Share certificates of the Company shall be in registered form.

In addition to those provided in the *Company Law*, a share certificate of the Company shall also contain any other matters required to be specified by the stock exchange(s) on which the Company's shares are listed.

During the listing of the Company's H shares on the Hong Kong Stock Exchange, the Company shall at any time ensure that the following statements are included in all title documents (including H shares certificates) relating to its securities listed on the Hong Kong Stock Exchange, and shall instruct and cause its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any individual holder unless and until such individual holder delivers to such share registrar a completed and signed form in respect of such shares bearing the following statements:

- (I) the purchaser of the shares and the Company and each of its shareholders, and the Company and each of the shareholders agree to observe and comply with the requirements of the *Company Law* and other relevant laws, administrative regulations, *Special Regulations* and the Articles of Association;

- (II) the purchaser of the shares agrees with the Company, each of the Company's shareholders, directors, supervisors and senior management members, and the Company, acting on behalf of itself and each of the directors, supervisors and senior management members, agrees with each of the shareholders that, they will refer to arbitration for settlement of all disputes and claims of rights in relation to the Company's affairs arising from the Articles of Association or any rights or obligations under the *Company Law* or other relevant laws or administrative regulations in accordance with the provisions of the Articles of Association, and that any referral to arbitration shall be deemed as an authorization to an arbitral court to hold a public hearing and announce its arbitration award to the public. Such award shall be final and conclusive;
- (III) the purchaser of the shares agrees with the Company and each of the shareholders of the Company that the shares of the Company may be freely transferable by the holder;
- (IV) the purchaser of the shares authorizes the Company to enter into a contract on his/her behalf with each of the directors and senior management members, pursuant to which the directors and senior management members undertake to observe and fulfill their responsibilities under the Articles of Association to the shareholders.

**Article 38** The shares of the Company may be transferred, donated, inherited and pledged in accordance with the relevant laws, administrative regulations and the Articles of Association. The instruments of transfer and other documents in relation to the ownership of shares shall be registered with the share registrar entrusted by the Company.

**Article 39** The share certificates shall be signed by the chairman of the Board of Directors. Where the stock exchange on which the Company's shares are listed requires the share certificates to be signed by other senior management members, the share certificates shall also be signed by such senior management members. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The share certificates shall be affixed or printed with the Company's seal under the authorization of the Board of Directors. The signatures of the chairman of the Board of Directors of the Company or other relevant senior management members on the share certificates may also be in printed form.

Under the conditions of paperless issuance and transactions, other requirements stipulated by the securities regulatory authorities and stock exchanges of the place where the Company's shares are listed shall prevail.

**Article 40** The Company shall establish a share register recording the following matters:

- (I) the name (title), address (domicile), occupation or nature of each shareholder;
- (II) the class and number of shares held by each shareholder;
- (III) the amount paid-up or payable in respect of shares held by each shareholder;
- (IV) the serial numbers of the shares held by each shareholder;

- (V) the date on which each shareholder is registered as shareholder;
- (VI) the date on which each shareholder ceases to be a shareholder.

The share register shall be the sufficient evidence for the shareholders' shareholding in the Company unless there is evidence to the contrary.

**Article 41** Subject to the Articles of Association and all other applicable requirements and upon transfer of the Company's shares, the transferees of the shares will become the holders of such shares with their names (titles) being entered in the share register.

All instruments of transfer and other documents relating to or affecting the ownership of any H shares shall be registered. If any fees are charged in respect of such registration, such fees shall not exceed the highest fees as prescribed by the Hong Kong Stock Exchange.

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

- (I) where power is taken to limit the number of shareholders in a joint account, such limit shall not prevent the registration of a maximum of four persons;
- (II) all joint holders of any shares shall jointly and severally assume obligation for all amounts payable for relevant shares;
- (III) if one of the joint holders deceased, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares, but the Board of Directors shall have the right, for the purpose of making amendments to the share register, to demand a death certificate of the relevant shareholder where it deems appropriate to do so; and
- (IV) in case of joint holders of any shares, only the joint holder that is listed first in the share register shall be entitled to take relevant shares from the Company, receive notices of the Company, and attend the general meetings of the Company or exercise the full voting right of the relevant shares. Any notice served to the aforesaid person shall be deemed as having been served to all the joint holders of the relevant shares. Any one of the joint holders may sign a proxy form, but if more than one joint holder attends the general meeting in person or by proxy, the resolution made by the joint holder with priority shall be accepted as the sole resolution made on behalf of other joint holders (regardless of whether it is made in person or by proxy). In this respect, the priority of shareholders shall be determined according to the order of ranking of the joint holders of relevant shares in the share register.

**Article 42** The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authorities of the State Council and overseas securities regulatory authorities, maintain its original register of holders of overseas listed foreign shares outside China and appoint overseas agent(s) to manage such register. The original register of holders of overseas listed foreign shares listed in Hong Kong shall be maintained in Hong Kong.

The Company shall maintain a duplicate of the register of holders of overseas listed foreign shares at the Company's domicile. The appointed overseas agent(s) shall ensure the consistency between the original and the duplicate registers of holders of overseas listed foreign shares at all times.

If there is any inconsistency between the original and the duplicate registers of holders of overseas listed foreign shares, the original version shall prevail.

**Article 43** The Company shall keep a complete share register. The share register shall include the following parts:

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

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

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

**Article 45** Transfer of any overseas listed foreign shares shall be executed with a written instrument of transfer with a common format or other format accepted by the Board (including the standard transfer format or transfer form specified from time to time by Hong Kong Stock Exchange), which instrument may be signed by hand or (if the transferor or transferee is a company) affixed with the corporate seal. If the transferor or transferee of the Company's shares is a recognized clearing house (hereinafter referred to as "**Recognized Clearing House**") or agent thereof defined in Hong Kong laws, the written instrument of transfer may be signed in printed form.

All overseas listed foreign shares listed in Hong Kong 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 instrument of transfer without providing any reason:

- (I) The instrument of transfer and other documents relating to or affecting ownership of any shares shall be registered and a registration fee which shall not exceed the ceiling prescribed from time to time in the *Main Board Listing Rules* shall be paid to the Company as per the standard specified in the *Main Board Listing Rules*;

- (II) The instrument of transfer only involves overseas listed foreign shares listed in Hong Kong, i.e. H shares;
- (III) Stamp duty payable as required by Hong Kong laws has been paid for the instrument of transfer;
- (IV) It is required to provide relevant share certificates and evidence reasonably required by the Board to prove that the transferor has the right to transfer the said shares;
- (V) If the shares are transferred to joint holders, the number of joint holders shall not exceed four;
- (VI) The Relevant Shares are not subject to lien of any company; and
- (VII) No shares shall be transferred to any minors or mentally defective persons or any other legally incapacitated persons.

If the Board refuses to register the share transfer, the Company shall send the transferor and the transferee a notice of refusal to register the said share transfer within 2 months after the request for transfer is submitted.

All instruments of transfer shall be kept at the legal address of the Company or other place designated by the Board from time to time.

**Article 46** The shares of the Company held by the promoters shall not be transferred within one year after incorporation of the Company.

Directors, supervisors and senior management members of the Company shall declare to the Company their shareholdings in the Company and any changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the Company every year. They shall not transfer the shares they hold in the Company within half a year after they leave their positions in the Company. If the transfer restrictions in this paragraph involve H shares, the said transfer shall comply with relevant provisions under the *Main Board Listing Rules*.

**Article 47** With the approval of the securities regulatory authorities of the State Council, holders of domestic shares of the Company may transfer all or part of their shares to overseas investors and list the said shares on an overseas stock exchange; all or part of the domestic shares may be converted into foreign shares, and the foreign shares so converted may be listed on an overseas stock exchange. Listing of the transferred or converted shares on an overseas stock exchange shall also comply with the regulatory procedure, regulations and requirements of the overseas stock market. No general meeting or class meeting is required to be held to resolve on the listing of the transferred shares or foreign shares converted from domestic shares on an overseas stock exchange. After the domestic shares are converted into overseas listed foreign shares, the converted shares shall be the same class of shares as the original overseas listed foreign shares.

**Article 48** Change of share register arising from share transfer shall not be registered within 30 days before convening of a general meeting or 5 days before the benchmark date on which the Company decides to distribute dividends. Where the listing rules or law and regulations of the place where the Company's shares are listed have special provisions, such provisions shall apply.

**Article 49** 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 registered shareholders shall be shareholders of the Company.

**Article 50** If any person objects to the share register and asks to have his/her name recorded in or deleted from the share register, the said person may apply to the court with jurisdiction to correct the share register.

**Article 51** If any shareholder in the share register or any person requesting to have his/her name recorded in the share register has lost his/her share certificates (hereinafter referred to as "**Original Share Certificates**"), the said shareholder or person may apply to the Company to reissue new share certificates for the said shares (hereinafter referred to as "**Relevant Shares**").

Application for reissue of share certificates lost by holders of domestic shares shall be processed pursuant to the *Company Law*.

Application for reissue of share certificates lost by holders of overseas listed foreign shares shall be processed pursuant to the law, rules of the stock exchange or other relevant regulations of the place where the original of the register of holders of overseas listed foreign shares is kept.

Application for reissue of share certificates lost by holders of H shares 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 contents of the notarial deed or statutory statement shall include the reason for application, information and evidence about how the share certificates are lost, and a statement that no any other person may request to be registered as shareholder for the Relevant Shares.
- (II) Before deciding to reissue new share certificates, the Company has not received any statement that nobody other than the applicant requests to be registered as shareholder for the said shares.
- (III) After deciding to reissue new share certificates to the applicant, the Company shall publish announcements of reissue of new share certificates on the newspapers designated by the Board; the announcement period is 90 days, with at least one announcement in 30 days. The newspapers designated by the Board shall include at least one of the Chinese and English newspapers recognized by Hong Kong Stock Exchange, respectively.

- (IV) Before publishing the announcement of reissue of new share certificates, the Company shall submit a copy of the announcement to be issued to Hong Kong Stock Exchange, and may publish the announcement only after receiving a reply from the Stock Exchange confirming that the said announcement has been displayed in Hong Kong Stock Exchange. The duration of display of the said announcement in Hong Kong Stock Exchange is 90 days. If the application for reissuing share certificates 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 reissue of share certificates from any person, the Company may issue new share certificates as requested by the applicant.
- (VI) When the Company reissues new share certificates as per this article, the Company shall immediately deregister the original share certificates, and record such deregistration and reissue in the share register.
- (VII) All the expenses for deregistering the original share certificates and reissuing new share certificates shall be borne by the applicant. The Company may refuse to take any action before the applicant provides any reasonable guarantee.

**Article 52** After the Company reissues new share certificates in accordance with the Articles of Association, the name of the goodwill purchaser of the said new share certificates or the shareholder (if it is a goodwill purchaser) later registered as owner of the said shares shall not be deleted from the share register.

**Article 53** The Company has no obligation to compensate any person for any loss arising from deregistration of the original share certificates or reissue of new share certificates, unless the said person can prove that the Company has committed any fraud.

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

**Article 54** Shareholders of the Company are persons lawfully holding shares of the Company, with names recorded in the share register.

The shareholders enjoy rights and fulfil obligations according to the class and number of their shares; holders of shares of the same class shall enjoy the same rights and bear the same obligations. All types of shareholders of the Company share the same rights over dividends or any distribution in other forms.

All types of shareholders of the Company share the same rights over dividends or any distribution in other forms.

If any shareholder of the Company is a legal person, its legal representative or proxy thereof 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/her shares to the Company.

**Article 55** Holders of ordinary shares of the Company shall enjoy rights as follows:

- (I) collect dividends and other forms of interests distributed based on the number of shares held by them;
- (II) attend or entrust a proxy to attend shareholders' meetings and exercise relevant voting right as per their shareholdings;
- (III) supervise and administrate the business operation of the Company, and make suggestions or enquiries accordingly;
- (IV) transfer, donate or pledge shares held by the shareholders in compliance with laws, administrative regulations and the Articles of Association. Shareholders holding 5% or more of the Company's shares with voting rights pledge the said shares shall submit a written report to the Company within 3 business days after the pledge occurs;
- (V) obtain relevant information in accordance with the Articles of Association, including:
  - 1. receipt of a copy of the Articles of Association after payment of reasonable expenses;
  - 2. the right to inspect and the right to inspect and reproduce the following documents after payment of reasonable expenses:
    - (1) copies of all the parts of the share register;
    - (2) personal data of directors, supervisors, general manager and other senior management members of the Company, including:
      - (a) present and former names and aliases;
      - (b) principal addresses (domiciles);
      - (c) nationalities;
      - (d) full-time and all part-time occupations and positions; and
      - (e) identity certificates and numbers thereof.
    - (3) report of the Company's issued share capital;

- (4) report showing the number and par value of each class of shares repurchased by the Company since the last fiscal year, total amount paid therefor, and the highest and lowest prices paid for each class of securities repurchased by the Company since the last fiscal year (by domestic shares and foreign shares);
- (5) latest audited financial statements of the Company and the reports of the Board, auditors and the Supervisory Committee;
- (6) special resolutions of the Company;
- (7) minutes of general meetings (for reference of shareholders only); and
- (8) copy of the latest annual report filed with the PRC State Administration for Industry and Commerce or other competent authority;

The Company shall keep at its Hong Kong address the documents as referred to in (1) to (8) (excluding (2)) above and other applicable documents as per the requirements of the *Main Board Listing Rules* for free reference of the public and holders of overseas listed foreign shares and for reproduction by shareholders at reasonable charges.

The Company may refuse to provide any contents if the contents so inspected and reproduced involve business secrets and insider information of the Company and personal privacy of relevant persons.

If any shareholder proposes to inspect the aforesaid relevant information or asks for relevant data, the said shareholder shall provide the Company with written documents bearing evidence of the class and number of shares held by the said shareholder in the Company. The Company shall verify the identity of the said shareholder before providing relevant information or data required by the shareholder.

- (VI) participate in the distribution of the Company's remaining assets based on the number of shares held by the shareholders when the Company is terminated or liquidated;
- (VII) request the Company to purchase their shares if the shareholders object to the resolutions adopted by the general meeting on merger or division of the Company;
- (VIII) other rights conferred by laws, administrative regulations, departmental rules or the Articles of Association.

**Article 56** Holders of ordinary shares of the Company shall undertake the following obligations:

- (I) abide by laws, administrative regulations and the Articles of Association;
- (II) contribute share capital according to the shares subscribed by them and the methods of subscription;

- (III) bear the losses and debts of the Company to the extent of the shares subscribed by them;
- (IV) not exit shares after approval of registration by the Company unless otherwise stipulated by laws and regulations;
- (V) not abuse shareholders' rights to damage the interests of the Company or other shareholders or abuse the independent legal person status of the Company and limited liability of the shareholders to damage the interests of the creditors of the Company. Shareholders of the Company who abuse their shareholders' rights and cause damages to the Company or other shareholders shall bear compensation liability in accordance with the law. Shareholders of the Company who abuse the independent legal person status of the Company and limited liability of shareholders to evade debts and seriously damage the interests of the creditors of the Company shall bear joint and several liability for the Company's debts.
- (VI) other obligations imposed by laws, administrative regulations and the Articles of Association.

Save as otherwise specified, shareholders do not have the obligation to increase any share capital unless under the conditions accepted by the subscribers at the time of subscription.

**Article 57** In addition to obligations imposed by laws, administrative regulations or the listing rules of the stock exchange of the place where the Company's shares are listed, while exercising shareholder's rights, the controlling shareholders shall not make such decisions by exercising their voting rights to the detriment of all or part of the shareholders' interests as below:

- (I) relieving a director or supervisor of the responsibility to act honestly in the best interest of the Company;
- (II) approving a director or a supervisor (for his/her own or other person's benefit) to deprive the Company of its property in any form, including (but not limited to) any opportunities that are favourable to the Company; or
- (III) approving a director or a supervisor (for his/her own or other person's benefit) to deprive other shareholders of their rights or interests, including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the general meeting in accordance with the Articles of Association.

**Article 58** The term "controlling shareholder" in the Articles of Association shall refer to the shareholder satisfying any of the following conditions:

- (I) when acting alone or acting in concert with others, such shareholder has the power to elect half or a greater number of the directors;
- (II) when acting alone or acting in concert with others, such shareholder has the power to exercise or control the exercise of more than 30% (inclusive) of the Company's voting rights;

- (III) when acting alone or acting in concert with others, such shareholder holds more than 30% (inclusive) of outstanding shares of the Company;
- (IV) when acting alone or acting in concert with others, such shareholder can obtain actual control of the Company in any other manner.

“Acting in concert” mentioned herein means that two or more persons reach an agreement (verbal or written) whereby any of them obtains the voting rights over the Company in order to control or consolidate the control over the Company.

## **Chapter 8 General Meeting**

**Article 59** The general meeting is the organ of authority of the Company, which exercises its functions and powers in accordance with the law.

**Article 60** The general meeting may exercise the following functions and powers:

- (I) to decide on the Company’s operational objectives and investment plans;
- (II) to elect and replace the directors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors;
- (III) to elect and replace supervisors who are representatives of shareholders and to decide on matters relating to the remuneration of supervisors;
- (IV) to review and approve the reports of the Board;
- (V) to review and approve the reports of the Supervisory Committee;
- (VI) to review and approve the Company’s annual financial budgets and final accounts;
- (VII) to review and approve the Company’s profit distribution proposals and loss recovery proposals;
- (VIII) to decide on any increase or reduction of the Company’s registered capital;
- (IX) to decide on the issue of corporate bonds;
- (X) to decide on the merger, division, change of corporate form, dissolution and liquidation of the Company;
- (XI) to amend the Company’s Articles of Association;
- (XII) to decide on the appointment, removal or non-reappointment of an accounting firm;
- (XIII) to review proposals raised by the shareholder(s) who individually or jointly represent(s) more than 3% of the total shares of the Company;

- (XIV) to review the Company's loan (both within the annual budget and extra-annual budget), external investment, sale of assets, acquisition, lease, mortgage, pledge or any other matters in relation to asset disposal and guarantee with an amount of more than 30% of the Company's audited total assets for the latest period;
- (XV) to decide on the repurchase of the Company's shares;
- (XVI) to review equity incentive scheme;
- (XVII) to review other matters which, in accordance with the laws, regulations and Articles of Association of the Company, must be approved by a general meeting;
- (XVIII) to decide on other matters required by the listing rules of the stock exchange of the place where the Company's shares are listed.

The general meeting can authorize or entrust the Board to handle the matters authorized or entrusted thereby not in violation of laws and regulations and mandatory provisions under relevant laws and regulations of the listing place.

**Article 61** Provision of guarantee for the Company's shareholders or de facto controllers by the Company shall be resolved at the general meeting.

When the general meeting is considering a proposal to provide guarantee for any shareholder or de facto controller, the said shareholder or the shareholders controlled by the said de facto controller shall not participate in the voting on the said proposal, and the said proposal shall be subject to adoption by other attending shareholders holding more than half of the voting rights.

If any director, general manager or other senior management member violates the examination and approval right and consideration procedure concerning external guarantee specified in the laws, administrative regulations or the Articles of Association of the Company, the aforesaid person shall be liable for compensating the Company for any loss incurred thereto, and the Company may pursue action against the said person pursuant to law.

**Article 62** The Company may not enter into any contract with anyone other than a director, supervisor, general manager and other senior management members to assign all or a significant part of the management of the Company's business to the said person, unless with the prior approval of a general meeting.

**Article 63** There are two types of general meetings: the annual general meetings and the extraordinary general meetings. Annual general meeting shall be held once every year within six months after the end of the last accounting year.

Extraordinary general meeting shall be held when it is required. The Board shall hold an extraordinary general meeting within two months after the date on which any of the following circumstances occur:

- (I) the number of directors is less than the number stipulated by the *Company Law* or less than two-thirds of the number specified in the Articles of Association;
- (II) the outstanding losses of the Company amounted to one-third of the Company's total paid-in share capital;
- (III) shareholders individually or in aggregate holding more than 10% (inclusive) of the Company's shares request in writing that an extraordinary general meeting is convened;
- (IV) the Board deems necessary or the Supervisory Committee proposes that the meeting be convened;
- (V) two or more independent non-executive directors propose that the meeting be convened; and
- (VI) other situations, as stipulated in laws, administrative regulations, departmental rules, listing rules of the stock exchange of the place where the Company's shares are listed or the Articles of Association.

In the event of the aforesaid (III), (IV) and (V), the topics of the meeting proposed by the requester shall be included in the agenda of the meeting.

**Article 64** If shareholders require convening an extraordinary general meeting or class meeting, the following procedure shall be followed:

- (I) Two or more shareholders jointly holding more than 10% (inclusive) of shares with voting rights at the general meeting to be convened may sign one or several written requests with the same format and content to propose to the Board to convene the extraordinary general meeting or class meeting, and specify the topics of the meeting. The Board shall convene the extraordinary general meeting or class meeting responsively after receipt of the aforesaid written request. The aforesaid amount of shareholding is calculated on the day when the shareholders tender 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 shareholders tendering the said request may request the Supervisory Committee to convene an extraordinary general meeting or class meeting.
- (III) If the Supervisory Committee fails to issue a notice of meeting within 30 days after receipt of the aforesaid written request, the shareholders individually or jointly holding more than 10% of shares with voting rights at the meeting to be convened for 90 consecutive days

may by themselves convene a meeting within 4 months after the Board receives the said request, and the convening procedure shall to the extent possible be the same as the procedure by which the Board convenes the general meeting.

Where the shareholders convene a meeting because the Board or the Supervisory Committee fails to convene the meeting pursuant to the aforesaid provision, the reasonable expenses incurred shall be borne by the Company and shall be deducted from the monies payable by the Company to the defaulting directors or supervisors.

**Article 65** When the Company convenes a general meeting, shareholders individually or jointly holding more than 3% of the shares of the Company may submit an interim proposal in writing to the Board ten days before the general meeting is held. The Board shall notify other shareholders within two days upon receipt of the proposal, and submit the said interim proposal to the general meeting for deliberation. The contents of the interim proposal shall fall within the functions and powers of the general meeting, and the proposal shall have a clear topic and specific matters on which resolutions are to be made.

**Article 66** When the Company convenes an annual general meeting, the date and venue of the meeting and the matters to be considered at the meeting shall be notified to all shareholders 20 days before the meeting; the holding of an extraordinary general meeting shall be notified to all shareholders 15 days prior to the meeting. The date of issue of the notice mentioned herein is the date upon which the Company or the share registry commissioned by the Company serves the relevant notice to the post office.

Save as otherwise provided in the Articles of Association, the notice of the general meeting shall be delivered to the shareholders (whether or not entitled to vote at the general meeting) by courier or per-paid mail to the recipient's address in the share register. For holders of domestic shares, the notice of the general meeting may also be issued by way of announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspaper(s) designated by the securities regulatory authorities of the State Council during the period between 20 days to 25 days before the annual general meeting is held or between 15 days to 20 days before the extraordinary general meeting is held. Once the announcement is made, all holders of domestic shares shall be deemed to have received the notice of the relevant general meeting.

The notice of the general meeting issued to holders of overseas listed foreign shares may be published through the website designated by Hong Kong Stock Exchange and the Company's website, and once the notice is published, all holders of overseas listed foreign shares shall be deemed to have received the notice of the relevant general meeting.

**Article 67** The general meeting shall not resolve on matters not covered in the notice specified in Articles 65 and 66 of the Articles of Association.

**Article 68** The notice of a general meeting shall meet the following requirements: (I) it shall be made in writing;

- (II) it shall specify the time, place and date of the meeting;
- (III) it shall describe the matters to be discussed at the meeting;
- (IV) it shall provide necessary information and explanations to the shareholders, so as to enable them to make informed decisions on the matters to be discussed. This principle shall apply (but not limited to) when the Company proposes a merger, repurchase of shares, reorganisation of share capital or other restructuring, and it shall provide the specific conditions and contracts (if any) of the transaction under discussions and earnestly explain the cause and result of the transaction;
- (V) it shall disclose the nature and extent of material interests, if any, of any director, supervisor, general manager or other senior management members of the Company in any matter to be discussed; and provide an explanation of the differences, if any, between the way in which the matter to be discussed would affect such director, supervisor, general manager or other senior management members of the Company in his/her capacity as shareholders and the way in which such matter would affect other shareholders of the same class;
- (VI) it shall contain the full text of any special resolutions proposed to be passed at the meeting;
- (VII) it shall contain a conspicuous written statement that the shareholders entitled to attend and vote have the right to appoint one or more proxies to attend and vote on their behalf and that such proxy is not required to be a shareholder;
- (VIII) it shall state the time and place for the delivery of the power of attorney for the voting proxy for the meeting.

**Article 69** The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by any person entitled to receive such notice, shall not invalidate the meeting or the resolutions adopted thereat.

**Article 70** Any shareholders entitled to attend and vote at a general meeting shall have the right to appoint one or more persons (who need not be a shareholder or shareholders) as his/her proxies to attend and vote on his/her behalf. Such proxy may exercise the following rights according to his/her entrustment by the shareholder:

- (I) the shareholder's right to speak at the general meeting;
- (II) the right to severally or jointly request to vote by ballot;
- (III) the exercise of voting right by a show of hand or ballot. Where there is more than one proxy, the said proxies shall vote by ballot.

**Article 71** The appointment of a proxy by a shareholder shall be in writing and signed by the appointer or the agent authorized by the shareholders in writing; or if the appointer is a legal person, shall be affixed with the legal person's seal or signed by its director or formally authorised agent.

**Article 72** 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. Where such a power of attorney for voting is signed by a person authorized by the appointer, the power of attorney authorizing signature or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the power of attorney for voting, be deposited at the Company's domicile or at such other place as specified in the notice of meeting.

Where the appointer 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 as a representative.

If the shareholder is a Recognized Clearing House (or agent thereof) meeting the definitions in the relevant Hong Kong ordinances formulated from time to time, the said shareholder may authorize one or more persons as he/she deems appropriate to act as his/her proxy at any general meeting or class meeting; however, where several persons are thus authorized, the power of attorney shall clearly state the number and class of the shares represented by each of the persons thus authorized. The power of attorney shall be signed by the persons authorized by the Recognized Clearing House. The person thus authorized may represent the Recognized Clearing House (or agent thereof) in exercising its rights at any meeting (without being required to present share certificate, certified power of attorney and/or further evidence of due authorization) as if that person is an individual shareholder of the Company.

**Article 73** Any form issued by the Board of Directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote and enable the shareholders to give separate instructions on each matter to be voted during discussions at the meeting. The power of attorney shall specify that in the absence of instructions from the shareholder, the proxy may vote as he/she thinks fit.

Save as provided above, the aforesaid power of attorney shall also specify the number of shares to be represented by the proxy, the name of the proxy; whether or not the proxy has any voting right(s); whether or not the proxy has any voting right(s) in respect of interim proposals which may possibly be included in the agenda of the general meeting; and, if the proxy has such voting right(s), specific instructions as to the exercise of those voting rights; the date of issue and validity period. 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.

Any proxy attending a general meeting on behalf of a shareholder shall present his/her identity certificate and power of attorney signed by the appointer or the appointer's legal representative, which power of attorney shall specify the date of issue. Where a legal person shareholder appoints its legal representative to attend the meeting, the legal representative shall present his/her identity

certificate and the copy of the notarized certified resolutions of the Board or other authorities of the legal person appointing the said legal representative or other certified copy permitted by the Company.

**Article 74** If, before voting, the appointer has passed away, lost his/her ability to act, withdrawn the appointment, withdrawn the authorisation to sign the power of attorney, or transferred relevant shares, the vote cast by the proxy in accordance with the power of attorney shall remain valid so long as the Company has not received the written notice regarding such matters before the commencement of relevant meeting.

**Article 75** General meetings shall be convened and presided over by the chairman. Where the chairman cannot or does not fulfil the duty thereof, the Board of Directors may designate a director of the Company to convene and preside over the meeting in proxy; if no person is designated to preside over the meeting, the attending shareholders may elect a person to preside over the meeting; if for any reason the shareholders cannot elect a person to preside over the meeting, the shareholder (including proxies thereof) holding the most voting shares among the attending shareholders (except the HKSCC Nominees) shall preside over the meeting.

A general meeting convened by the Supervisory Committee itself shall be presided over by the chairman of the Supervisory Committee. Where the chairman of the Supervisory Committee cannot or does not fulfil the duty thereof, more than half of the supervisors may jointly elect a supervisor to preside over the meeting.

A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener.

Where a general meeting is held and the chairman of the meeting violates the rules of procedure which makes it difficult for the general meeting to continue, a person may be elected at the general meeting to act as chairman, subject to the approval of more than half of the attending shareholders having the voting rights. If for any reason the shareholders cannot elect a person to preside over the meeting, the shareholder (including proxies thereof) holding the most voting shares among the attending shareholders shall preside over the meeting.

**Article 76** Resolutions of a general meeting are divided into ordinary resolutions and special resolutions.

Ordinary resolutions shall be passed by votes representing more than half of the voting rights held by shareholders (including proxies thereof) attending the general meeting.

Special resolutions shall be passed by votes representing more than two thirds of voting rights held by shareholders (including proxies thereof) attending the general meeting.

The attending shareholders (including proxies thereof) shall declare their affirmative, negative or abstention votes on every issue to be voted on. Abstentions will not be counted when the Company calculates the voting results concerning the said issue.

**Article 77** Shareholders (including proxies thereof) who vote at a general meeting shall exercise their voting rights in proportion to the amount of voting shares they represent. Each share carries the right to one vote. However, the Company has no voting right for the shares it holds, and such part of shares shall be excluded from the total number of voting shares represented by the shareholders attending the general meeting.

According to applicable laws and regulations and the *Main Board Listing Rules*, where any shareholder is required to waive his/her voting rights or is restricted to cast only affirmative or negative vote on a certain resolution, any vote cast by the said shareholder or proxy thereof in violation of the relevant provisions or restrictions shall not be counted into the voting results.

**Article 78** Voting at general meetings shall be conducted by show of hands unless otherwise specified in the applicable listing rules of the place of listing or other securities laws and regulations, or the following persons require voting by ballot before or after voting by show of hands:

- (I) chairman of the meeting;
- (II) at least two shareholders with voting rights or proxies thereof;
- (III) shareholder(s) (including proxies thereof) severally or jointly holding more than 10% (inclusive) of shares with voting rights at the meeting.

Unless anybody requires voting by ballot, the chairman of the meeting 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 voting by ballot may be revoked by the person tendering the request.

**Article 79** 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, and the voting results shall be deemed as resolutions passed at the said meeting.

**Article 80** On a poll, a shareholder (including proxy thereof) entitled to two or more votes needs not cast all his/her votes in the same way of pros, cons or abstention.

**Article 81** In case of an equality of votes, the chairman of the meeting shall be entitled to an additional vote.

**Article 82** The following matters shall be approved by ordinary resolutions at a general meeting:

- (I) working reports of the Board and the Supervisory Committee;

- (II) profit distribution proposals and loss recovery proposals formulated by the Board;
- (III) appointment and removal of members of the Board and the Supervisory Committee (excluding employee representative supervisors), their remunerations and methods of payment;
- (IV) annual financial budgets, final accounts, balance sheets, income statements and other financial statements of the Company; and
- (V) other matters than those that should be passed by special resolutions pursuant to the laws, administrative regulations or the Articles of Association.

**Article 83** The following matters shall be approved by special resolutions at a general meeting:

- (I) increase or reduction of the Company's share capital or issuance of any class of shares, warrants and other similar securities;
- (II) issuance of bonds of the Company;
- (III) division, merger, dissolution and liquidation of the Company;
- (IV) change of corporate form;
- (V) loan (both within the annual budget and extra-annual budget), external investment, sale of assets, acquisition, lease, mortgage, pledge or any other matters in relation to asset disposal and guarantee with an amount of more than 30% of the Company's audited total assets for the latest period;
- (VI) amendment to the Articles of Association and consideration and approval of the articles of association formulated by the Board;
- (VII) consideration and implementation of the equity incentive scheme;
- (VIII) any other matter specified in the laws, administrative regulations or the Articles of Association and confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by special resolutions.
- (IX) other matters requiring adoption by special resolutions pursuant to the *Main Board Listing Rules*.

**Article 84** If the general meeting requires all the directors, supervisors, the general manager and senior management members of the Company to attend the meeting, they shall attend the meeting. The directors, supervisors, general manager and other senior management members attending or present at the meeting shall answer or explain inquiries made by shareholders except that the business secrets of the Company are involved and cannot be disclosed at the general meeting.

**Article 85** The chairman of the meeting shall be responsible for determining whether a resolution has been passed pursuant to voting results. His/her decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes.

**Article 86** The method and procedure for nomination of directors and supervisors (excluding employee representative supervisors) to be elected at a general meeting are as follows:

- (I) shareholder(s) severally or jointly holding more than 3% of the outstanding voting shares of the Company may propose in writing director candidates or supervisor candidates who are not employee representatives to the general meeting, but the number of nominees shall comply with the Articles of Association and shall not exceed the number of directors or supervisors to be elected. The said proposals shall be submitted to the Company at least 7 days before convening of the general meeting.
- (II) directors or supervisors may propose a list of director or supervisor candidates as per the number specified in the Articles of Association and the number of the directors or supervisors to be elected and submit it to the Board of Directors and the Supervisory Committee for examination respectively. After the Board of Directors or the Supervisory Committee examined the list and resolved on the candidates of directors or supervisors, they shall submit the results to the general meeting through written proposal.
- (III) the written notice of the intention to nominate director candidates or supervisor candidates who are not employee representatives and the nominee's will to accept the nomination, as well as relevant written documents about the information of the nominee shall be submitted to the Company at least 7 days before convening of the general meeting (The 7-day notice period shall start no earlier than the next day after the issue of the notice of the meeting for such election designated and end no later than 7 days prior to the general meeting). The Board of Directors and the Supervisory Committee shall provide shareholders with the brief biographies and background information of the director or supervisor candidates.
- (IV) the period given by the Company to nominate director or supervisor candidates and nominees for submitting the aforesaid notice and documents (the period shall be calculated from the day following the date of issue of the notice of general meeting) shall not be less than 7 days.
- (V) the director or supervisor candidates shall be voted on separately at the general meeting.
- (VI) in the event of a temporary vacancy of director or supervisor, the Board or the Supervisory Committee shall propose to elect or replace one at the general meeting.

**Article 87** If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote, he/she may have the ballots counted. If the chairman of the meeting has not counted the ballots, any shareholder who is present in person or by proxy and who objects to the

result announced by the chairman of the meeting may, immediately after the declaration of the voting result, demand that the ballots be counted and the chairman of the meeting shall have the ballots counted immediately.

**Article 88** If ballots are counted at a general meeting, the counting result shall be recorded in the meeting minutes.

The minutes together with the attendance record of shareholders and the powers of attorney of the proxies shall be kept at the domicile of the Company.

**Article 89** Shareholders may have access to copies of the minutes free of charge 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 7 days upon authentication of the said shareholder and receipt of reasonable expenses.

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

**Article 90** Holders of different classes of shares are class shareholders.

Class shareholders shall enjoy rights and assume obligations pursuant to the laws, administrative regulations and the Articles of Association.

Apart from holders of other classes of shares, holders of domestic shares and overseas listed foreign shares are deemed to be shareholders of different classes. If the share capital of the Company includes shares without voting rights, such shares shall be specified as “Without Voting Right”.

If the share capital includes shares with different voting rights, each class of shares (except those with most preferential voting right) shall be specified as “Restricted Voting Right” or “Limited Voting Right”.

**Article 91** Any proposed change or annulment 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 93 to 97 of the Articles of Association.

Where any change in domestic and overseas laws, administrative regulations and listing rules of the place of listing or any decision made by the domestic or overseas regulatory authority gives rise to change or annulment of the rights of class shareholders, approval by a general meeting or class meeting is unnecessary.

Where the holders of domestic shares of the Company transfer all or part of their shares to overseas investors and list the said shares overseas, or convert all or part of their domestic shares into foreign shares and list the said shares on overseas stock exchanges, it shall not be deemed that the Company proposes to change or annul the rights of class shareholders.

**Article 92** The rights of a certain class shareholder shall be deemed to have been changed or abrogated in the following conditions:

- (I) an increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (II) conversion of all or part of the shares of such class into shares of another class, or vice versa or the grant of a right to convert;
- (III) cancellation or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (IV) reduction or cancellation of a dividend preference or property distribution preference during liquidation of the Company, attached to shares of such class;
- (V) an addition, cancellation or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights of placing or rights to acquire securities of the Company attached to shares of such class;
- (VI) cancellation or reduction of rights to receive amounts payable by the Company in a particular currency attached to shares of such class;
- (VII) creation of a new class of shares with voting rights, distribution rights or other privileges which are equal or superior to those of the shares of such class;
- (VIII) imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
- (IX) issue of rights to subscribe for, or convert into, shares of such class or another class;
- (X) an increase in the rights and privileges of shares of another class;
- (XI) restructuring of the Company which causes shareholders of different classes to bear liability on a disproportionate basis during the restructuring; and
- (XII) an amendment or cancellation of any provision of this chapter.

**Article 93** Where issues specified in (II) to (VIII), (XI) to (XII) of Article 92 of the Articles of Association are involved, the affected class shareholders, whether or not they are entitled to vote at general meetings originally, shall have the right to vote at class meetings. However, interested shareholder(s) shall not be entitled to vote at such class meetings.

Interested shareholders as specified in the preceding paragraph refer to:

- (I) if the Company has made a repurchase offer to all shareholders in the same proportion or has repurchased its own shares through open transactions on the Hong Kong Stock Exchange in accordance with Article 28 of the Articles of Association, the controlling shareholders as defined in Article 58 of the Articles of Association shall be “interested shareholders”;
- (II) if the Company has repurchased its own shares by an agreement outside the Hong Kong Stock Exchange in accordance with Article 28 of the Articles of Association, shareholders in relation to such an agreement shall be “interested shareholders”;
- (III) under a restructuring proposal of the Company, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same class, or shareholders who have an interest that is different from the interest of other shareholders of the same class shall be “interested shareholders”.

**Article 94** Resolutions of a class meeting shall be approved by votes representing more than two thirds of voting rights of shareholders of that class present at the meeting who, in accordance with Article 93 of the Articles of Association, are entitled to vote at the meeting.

**Article 95** The written notice of class meeting of the Company shall be sent at the same time as that of non-class meeting proposed to be convened together, to inform all the registered shareholders of that class of the matters to be examined at the meeting as well as the date and place of the meeting. The duration of the aforesaid period shall not include the day on which the meeting is convened.

Where the relevant laws, regulations of the PRC and the listing rules of the place where the Company’s shares are listed have special provisions, such provisions shall apply.

**Article 96** Notice of class meetings needs to be delivered only to the shareholders who are entitled to vote thereat.

The procedures pursuant to which a class meeting is held shall, to the extent possible, be identical to the procedures according to which a general meeting is held. Provisions of the Articles of Association in relation to procedures for the holding of a general meeting shall be applicable to class meetings.

**Article 97** Apart from holders of other classes of shares, holders of domestic shares and overseas listed foreign shares are deemed to be shareholders of different classes. The special voting procedures for class shareholders shall not apply in the following circumstances:

- (I) where, as approved by way of a special resolution of the general meeting, the Company issues, either separately or concurrently, domestic shares and overseas listed foreign shares every 12 months, and the number of the domestic shares and overseas listed foreign shares intended to be issued does not exceed 20% of the issued and outstanding shares of the respective categories;
- (II) where the plan for, issuance of domestic shares and overseas listed foreign shares upon the incorporation of the Company is completed within 15 months since being approved by the securities regulatory authorities of the State Council;
- (III) where the holders of domestic shares of the Company transfer their shares to the foreign investors and such shares are listed on an overseas stock exchange after approval from the securities regulatory authorities of the State Council;
- (IV) all or part of domestic shares are converted into foreign shares and the converted foreign shares are listed on overseas stock exchanges.

## **Chapter 10 Board of Directors**

### **Section 1 Directors**

**Article 98** Directors shall be elected or replaced by the general meeting and serve a term of office of three years. A director may serve consecutive terms if re-elected upon the expiration of his/her term. However, the successive terms of independent non-executive directors shall not exceed nine years.

The term of a director shall start from the date on which the said director assumes office to the expiry of the current Board. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until a duly reelected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office.

**Article 99** A director may resign before his/her term of office expires. In resigning his/her duties, a director shall tender a written resignation to the Board. The Board will disclose relevant information as soon as possible.

If any director resigns so that the membership of the Board falls short of the quorum, the said director shall continue fulfilling the duties as director pursuant to the laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected.

Save as provided in the preceding paragraph, a director's resignation shall be effective when his/her resignation is served to the Board.

Subject to relevant laws and regulations and regulatory rules of the listing place of the Company, if the Board appoints a new director to fill a temporary vacancy, the appointed director shall be subject to election by shareholders at the first general meeting after the appointment.

Any person appointed as director by the Board to fill a temporary vacancy or add the quota of directors of the Board shall serve until the next annual general meeting of the Company, at which time the said person is eligible for re-election.

The Company is entitled to dismiss any director (including managing director or other executive director) within his/her term of office by an ordinary resolution at the general meeting provided that no provision is made in laws (however, the claim of such director for damage compensation under any contract shall not be affected).

A notice of the intention to elect a person as director and a notice by that person indicating his/her acceptance of such election shall be given to the Company at least 7 days in advance.

The period of the aforesaid notice shall commence on the date on which the Company issues the notice of meeting for the election and shall end no later than 7 days (or earlier) prior to the date appointed for the meeting.

**Article 100** If resignation of a director takes effect or if his/her term of office expires, the said director shall go through all handover formalities with the Board. His/her honesty obligation to the Company and shareholders thereof shall not terminate automatically at the end of his/her term of office but shall still be valid within the reasonable period specified in the Articles of Association.

**Article 101** If any director fails to attend Board meetings in person or by proxy for two consecutive times, the said director shall be deemed incapable of performing his/her duties, and the Board shall suggest that the general meeting dismiss the said director.

**Article 102** The Company shall have independent non-executive directors. Unless otherwise specified in this section, the provisions on the qualifications and obligations of directors in Chapter 14 of the Articles of Association shall apply to independent non- executive directors. At least one independent non-executive director of the Company shall be an accounting professional. Independent non-executive directors shall honestly fulfil their duties and protect the interests of the Company, in particular the legitimate rights and interests of public shareholders, to ensure the sufficient representation of the interests of all shareholders.

**Article 103** If any director leaves his/her office without authorization or violates the laws, administrative regulations, departmental rules or the Articles of Association in fulfilling his/her duties before his/her term of office expires, thereby incurring any loss to the Company, the said director shall be liable for compensation.

**Article 104** Save as specified in the Articles of Association or properly authorized by the Board, no director shall act on behalf of the Company or the Board in his/her personal name. If a director acts in his/her own name but a third party may reasonably think the said director is acting on behalf of the Company or the Board, the said director shall make a prior statement of his/her standpoint and capacity.

## **Section 2 Board of Directors**

**Article 105** The Company shall establish a Board of Directors, which shall comprise of six to nine directors. The number of independent non-executive directors, at any time, shall be at least 3, and shall represent more than one third of members of the Board.

Independent non-executive directors may directly report to the general meeting, the securities regulatory authorities of the State Council and other relevant authorities.

A director may serve concurrently as general manager or other senior management member, but the directors serving concurrently as such shall not be more than half of the directors of the Company.

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

The number of senior management members of the controlling shareholders serving concurrently as chairman or executive directors of the Company shall not exceed 2.

Directors need not hold shares of the Company.

An independent non-executive director shall serve a term of three years and is eligible for re-election. If the independent director has served for more than 9 years, whether or not he/she will be reelected shall be approved by shareholders through an independent resolution upon consideration. The documents attached to the resolution sent to shareholders shall specify why the Board considers the said person is independent and believes the said person should be reelected.

**Article 106** The Board shall be accountable to the general meeting and exercise the following functions and powers:

- (I) to convene general meetings, make proposals or motions to the general meeting, propose relevant matters to the general meetings for adoption and report on its work to the general meeting;
- (II) to implement the resolutions of the general meetings;
- (III) to decide on the Company's operational plans and investment proposals;
- (IV) to formulate proposals for the Company's annual financial budgets and final accounts;
- (V) to formulate the Company's profit distribution proposals and loss recovery proposals;

- (VI) to formulate proposals for the increase or reduction of the Company's registered capital, the issue of shares, corporate bonds or other securities, and the listing;
- (VII) to formulate proposals for acquisition and disposal of the Company's material assets, repurchase of shares of the Company, or merger, division, dissolution and change of corporate form;
- (VIII) to decide on the setup of the Company's internal management organs;
- (IX) to appoint or dismiss the Company's general manager or secretary to the Board and, based on the general manager's nomination, to appoint or dismiss the Company's deputy general manager, financial officer and other senior management members;
- (X) to decide on the remunerations of and rewards and punishments for the aforesaid senior management members;
- (XI) to formulate the Company's basic management system;
- (XII) to formulate proposals for any amendment to the Articles of Association and formulate the articles of association;
- (XIII) to consider matters including investment, acquisition or disposal of assets, financing, connected transactions which should be resolved on by the Board pursuant to the Listing Rules of the Hong Kong Stock Exchange;
- (XIV) to propose to the general meeting to appoint or replace the accounting firm which audits the Company's accounts;
- (XV) to hear the work report of the general manager of the Company and examine on the general manager's work;
- (XVI) to decide on the loan (both within the annual budget and extra-annual budget), external investment, sale of assets, acquisition, lease, mortgage, pledge or any other matters in relation to asset disposal and guarantee with an amount of more than 10% but less than 30% of the Company's audited total assets for the latest period;
- (XVII) to resolve on the important issues of the Company other than those which should be resolved at general meetings pursuant to the *Company Law* and the Articles of Association;
- (XVIII) to exercise other functions and powers conferred by the laws and regulations, the Listing Rules of the Hong Kong Stock Exchange, the Articles of Association or the general meeting.

The Board shall also be responsible for the following issues:

- (I) to formulate the Company's corporate governance system and review and improve its corporate governance;
- (II) to review and supervise the training for and continuous professional development of the directors and senior management members;
- (III) to review and supervise the systems formulated and observation thereof by the Company and make relevant disclosures as per the laws and relevant provisions of the securities regulatory authority of the place where the Company's shares are listed;
- (IV) to work out the Company's code of conduct and relevant compliance manual for its employees and directors, and review and supervise their behaviors.

The Board shall be responsible for the above corporate governance functions and may also assign its responsibilities to one or more special committees under it.

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) or other listing rules, in which approval of more than two thirds of the directors is required.

Resolutions made by the Board in relation to connected transactions shall not be valid unless signed by the independent non-executive directors.

**Article 107** For the disposal of any fixed assets by the Board, if the aggregate of the expected value of the fixed assets proposed to be disposed of and the value of the fixed assets which had been disposed of within 4 months preceding such proposal for disposal exceeds 33% of the value of the fixed assets value as shown in the most recent balance sheet considered at a general meeting, the Board shall not dispose of or approve the disposal of such fixed assets without the approval by the general meeting.

The disposal of fixed assets referred to in this article includes the transfer of interests of certain assets, but excludes the provision of fixed assets as pledges to any guarantees.

Any breach of paragraph 1 of this article shall not affect the validity of any transaction entered into by the Company in disposing of fixed assets.

**Article 108** The chairman shall exercise the following functions and powers:

- (I) to preside over general meetings, and convene and preside over Board meetings;
- (II) to supervise and examine the implementation of the resolutions of the Board;
- (III) to sign the shares, corporate bonds and other securities issued by the Company;

- (IV) to sign important documents of the Board and other documents that should be signed by the legal representative of the Company, and exercise functions and powers of the legal representative;
- (V) in case of force majeure or major emergency in which a Board meeting cannot be held in time, to exercise the special right of disposal in respect of the business of the Company in compliance with laws and in the interests of the Company, and report to the Board afterwards;
- (VI) to organize formulation of regulations on the operation of the Board, and coordinate the operation of the Board;
- (VII) to listen to regular or irregular work reports of the senior management members of the Company, and propose guiding opinions on implementation of the resolutions of the Board;
- (VIII) to nominate candidates for the general manager of the Company and secretary to the Board;
- (IX) to handle external affairs on behalf of the Company and sign economic contracts concerning investments, cooperative operations, joint ventures and loans;
- (X) to exercise other functions and powers specified in relevant laws, regulations or the Articles of Association and granted by the Board.

Where the chairman cannot fulfill his functions and powers, more than half of the directors may jointly elect a director to preside over the meeting.

Where necessary, the Board may authorize the chairman to exercise part of the functions and powers of the Board while the Board is not in session.

**Article 109** The Board shall meet regularly and Board meetings shall be held at least four times a year, and shall be convened by the chairman. A written notice shall be sent to all the directors and supervisors at least 14 days prior to the convening of the meeting.

In the event of any of the following, the chairman shall convene and preside over a provisional Board meeting within 10 days after receipt of the proposal:

- (I) It is proposed by shareholders representing more than one tenth of the voting rights;
- (II) It is jointly proposed by more than one third of the directors;
- (III) It is proposed by the chairman;
- (IV) It is proposed by more than two or more independent non-executive directors;
- (V) It is proposed by the Supervisory Committee;
- (VI) It is proposed by the general manager;

(VII) If any other circumstance as specified in the Articles of Association occurs.

**Article 110** A regular meeting of the Board shall be notified to all the directors, supervisors and general manager 14 days prior to the convening of the meeting, and an interim meeting shall be notified to all the directors, supervisors and general manager five days prior to the convening of the meeting. The responsible organ of the Company shall submit a written notice of the meeting to all the directors, supervisors and general manager by direct service, fax, express mail or other means of electronic communication. Where the notice is not served by direct delivery, telephone acknowledgement and relevant records shall be made.

Where a provisional Board meeting needs to be convened as soon as possible in emergency, the notice of meeting may be sent by telephone or by other verbal means at any time, but the convener shall make explanations at the meeting.

**Article 111** A Board meeting shall be attended by more than half of the directors.

Every director shall have the right to one vote. Resolutions made by the Board shall be approved by more than half of all the directors, save as otherwise specified by laws, administrative regulations and the Articles of Association.

If the pros and cons are the same, the chairman shall be entitled to an additional vote.

**Article 112** Directors shall attend Board meetings in person. Where any director cannot attend the meeting for any reason, he/she may appoint another director in writing to attend the meeting on his/her behalf, with the power of attorney specifying the scope of authorisation.

The director attending the meeting on behalf of another director shall exercise rights within the range authorized. Where a director is not present at a Board meeting and also fails to appoint a proxy to act on his/her behalf, the said director shall be deemed to have waived his/her rights to vote at the meeting.

**Article 113** In respect of any important issue to be decided by the Board of the Company, a notice and adequate information shall be sent to all the directors before the deadline specified in the Articles of Association, in strict accordance with the specified procedure. The director may request additional information. Where more than one fourth of the attending directors or more than two independent non-executive directors think they cannot make judgments on relevant issues due to inadequate information or other reasons, they can jointly propose to adjourn the Board meeting or suspend discussing some topics considered at the said meeting, and the Board shall approve such proposal.

**Article 114** The Board shall file resolutions of the meeting as minutes, which shall be signed by the attending directors and the minutes recorder. The directors shall be responsible for the resolutions passed at the Board meeting. Where a resolution of the Board violates any law, administrative regulation or the Articles of Association, thereby causing serious losses to the Company, the directors participating in the resolution shall be liable for compensation to the

Company; however, the director may be exempted from liability if it is proved that he/she expressed his/her objection at the time of voting, which is recorded in the minutes of the meeting. Any attending director shall be entitled to have an explanatory note made in the minutes regarding his/her speech at the meeting. The minutes of Board meetings shall be kept as archives of the Company by the secretary to the Board for 10 years.

### **Section 3 Special Committees under the Board**

**Article 115** The Board shall have three special committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee. The composition and rules of procedure of the special committees shall be separately agreed upon by the Board. Where necessary, the Board may set up other special committees. The special committees are ad hoc committees under the Board which provide suggestions or advisory opinions for the Board on important decisions. A special committee may not make any resolution on behalf of the Board, but may exercise decision-making power on matters authorized by the Board under its special authority.

### **Chapter 11 Secretary to the Board of the Company**

**Article 116** The Company shall have one secretary to the Board. The Secretary to the Board shall be a member of the senior management of the Company.

**Article 117** The secretary to the Board of the Company shall be a natural person who has the requisite professional knowledge and experience, and shall be nominated by the chairman, appointed or dismissed by the Board. His main duties include:

- (I) ensure that the Company has complete organisation documents and records; keep and manage the information of shareholders; help directors with the daily work of the Board;
- (II) organize and arrange for Board meetings and general meetings; prepare meeting materials, handle relevant meeting affairs; make minutes of the meetings and ensure their accuracy; prepare and maintain the documents and records of the meeting and take the initiative in the implementation of the relevant resolutions. report and make recommendations to the Board on important issues in implementation;
- (III) act as the liaison officer of the Company with the securities regulatory authorities, be responsible for organizing preparation and timely submission of the reports and documents required by the regulatory authorities as well as accepting and organizing the implementation of any assignment from the regulatory authorities;
- (IV) coordinate and organize the Company's information disclosure; establish and improve the information disclosure system; attend all of the Company's meetings involving information disclosure; and keep informed of the Company's material operation decisions and relevant information;

- (V) ensure that the share register of the Company is established appropriately and that the persons who have the right of access to the relevant records and documents of the Company obtain the same in due time;
- (VI) be responsible for addressing information disclosure of the Company, lead the formulation and execution of the information disclosure management system and the internal reporting system of important information, and urge the Company and relevant parties to fulfill the information disclosure obligation according to laws;
- (VII) handle and coordinate public relations between the Company and relevant regulatory agencies, intermediaries and the media;
- (VIII) perform other functions and powers as conferred by the Board as well as other functions and powers as required by the laws, regulations and the stock exchange of the place where the Company's shares are listed.

**Article 118** A director or other senior management members of the Company may serve concurrently as secretary to the Board. The accountants of the accounting firm engaged by the Company and management personnel of controlling shareholders shall not serve concurrently as secretary to the Board.

In the event a director serves concurrently as secretary to the Board, where any act requires to be executed by the director and the secretary to the Board separately, the said director serving concurrently as secretary to the Board shall not execute the said act in both capacities.

## **Chapter 12 General Manager and Other Senior Management Members**

**Article 119** The Company shall have one general manager, who shall be nominated by the chairman and appointed or dismissed by the Board. A director may serve concurrently as general manager, deputy general manager or other senior management member, but the number of directors serving concurrently as such shall not be more than half of the directors of the Company.

**Article 120** The general manager may serve a term of three years and may serve consecutive terms upon reappointment.

**Article 121** The general manager shall be accountable to the Board and exercise the following functions and powers:

- (I) manage the business operations of the Company and report to the Board;
- (II) organize the implementation of resolutions of the Board, annual business plans and investment plans of the Company;
- (III) draft the Company's basic management system and plans for the establishment of the internal management structure of the Company;

- (IV) formulate the specific rules of the Company;
- (V) propose to the Board to appoint or dismiss the deputy general manager, financial officer and other senior management members of the Company;
- (VI) appoint or dismiss management personnel and general staff other than those that should be appointed or dismissed by the Board, propose policies on the salaries, welfares, rewards and penalties related to the employees of the Company;
- (VII) propose the convening of a provisional Board meeting;
- (VIII) decide on other issues of the Company within the authority granted by the Board;
- (IX) decide on the loan (both within the annual budget and extra-annual budget), external investment, purchase or sale of assets, acquisition, lease, mortgage, pledge or any other matters in relation to asset disposal and guarantee with an amount of less than 10% of the Company's audited total assets for the latest period;
- (X) exercise other functions and powers conferred in the Articles of Association and by the Board.

The senior management members other than the general manager shall assist the general manager in his work and may exercise part of his/her functions and powers upon his/her entrustment.

**Article 122** The general manager shall attend Board meetings, and if he/she is not a director, he/she shall not have any voting right at Board meetings.

**Article 123** 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 124** The Company shall have one financial officer, who shall be appointed or dismissed by the Board, and shall be accountable to the Board and the general manager.

### **Chapter 13 Supervisory Committee**

**Article 125** The Company shall have a Supervisory Committee, which shall perform supervisory functions according to laws, administrative regulations and the Articles of Association.

**Article 126** The Supervisory Committee shall comprise three supervisors, one of whom shall be the chairman of the committee. Each supervisor shall serve a term of three years, which is renewable upon re-election and re-appointment.

The chairman shall be appointed or dismissed by votes of more than two thirds (inclusive) of the members of the Supervisory Committee.

**Article 127** The Supervisory Committee shall comprise two shareholder representatives and one employee representative. In particular, shareholder representatives shall be elected and dismissed at general meetings, and the employee representative supervisor shall be elected democratically at the employee representatives' meetings, employees' meetings or in other forms.

The Supervisory Committee shall have more than half of external supervisors (referring to supervisors not holding any post in the Company, including shareholder representative supervisors, same below), who shall have the right to independently report to the general meeting in respect of the honesty and due diligence of the senior management members.

**Article 128** Directors, general manager and other senior management members of the Company shall not serve as supervisors concurrently.

**Article 129** The Supervisory Committee shall be accountable to the general meeting and shall exercise the following functions and powers in accordance with the law:

- (I) to supervise the directors, general manager and other senior management members to ensure that they do not act in contravention of any laws, administrative regulations or the Articles of Association during the performance of their functions, and to propose removal of directors and senior management members who have violated laws, administrative regulations, the Articles of Association or the resolutions of the general meetings;
- (II) to require directors and senior management members to make corrections if their conduct has damaged the interests of the Company;
- (III) to review the financial position of the Company;
- (IV) to verify the financial information such as the financial report, business report and profit distribution proposal to be submitted by the Board to the general meetings and to appoint, in the name of the Company, certified public accountants and practicing auditors to assist in the re-examination of such information should any doubt arise in respect thereof;
- (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 in accordance with *Company Law*, to convene and preside the general meetings;
- (VI) to submit proposals to the general meeting;
- (VII) to propose the convening of a provisional Board meeting;
- (VIII) to initiate legal proceedings against directors and senior management members in accordance with Article 151 of the *Company Law*;
- (IX) to exercise other functions and powers stipulated by laws, administrative regulations and the Articles of Association.

Supervisors shall attend Board meetings.

**Article 130** Meetings of the Supervisory Committee shall be held at least once every six months, and shall be convened by the chairman of the Supervisory Committee. The notice of the meeting shall be served on all the supervisors in writing ten days prior to the convening of the meeting. Where the chairman of the Supervisory Committee cannot or does not fulfill the duties thereof, more than half of the supervisors may elect a supervisor to convene and preside over the meetings of the Supervisory Committee.

Supervisors may propose to convene a provisional meeting of the Supervisory Committee.

Where the Supervisory Committee holds regular or temporary meetings, the staff of the Supervisory Committee shall, within a reasonable period of time in advance, submit a written notice of the meeting to all supervisors by direct service, fax, e-mail or other means. Where the notice is not served by direct delivery, telephone acknowledgement and relevant records shall be made.

Where a provisional meeting of the Supervisory Committee needs to be convened in emergency, the notice of the meeting may be sent at any time by telephone or by other verbal means, but the convener shall make explanations at the meeting.

**Article 131** Rules of procedure: At meetings of the Supervisory Committee, each attendant shall cast one vote, by open ballot or in writing.

Voting procedure: the voting intention of a supervisor may be pro, con or abstention. Every attending supervisor shall choose one of the aforesaid intentions. If any director doesn't make any choice or chooses two or more intentions at the same time, the chairman of the meeting shall require the said supervisor to make a choice again, if he/she refuses to do so, he/she shall be deemed as having abstained from voting; any supervisor who has left the meeting midway without coming back and making any choice shall be deemed as having abstained from voting.

Resolutions of the Supervisory Committee shall be approved by two thirds (inclusive) of the members of the Supervisory Committee.

The Supervisory Committee shall take minutes of the decisions on the matters discussed, and the supervisors present at the meeting shall sign their names in the minutes. Any supervisor shall be entitled to have an explanatory note made in the minutes regarding his/her speech at the meeting. The minutes of the meetings of the Supervisory Committee shall be kept at the domicile of the Company.

**Article 132** If the Supervisory Committee finds the Company's operations are abnormal, it may conduct an investigation; if necessary, it may employ such professionals as lawyers and accounting firms to assist it in its work, and the reasonable expenses for such expenses shall be borne by the Company.

**Article 133** Supervisors shall honestly fulfil the supervisory duty in accordance with laws, administrative regulations and the Articles of Association.

## **Chapter 14 Qualifications and Obligations of Directors, Supervisors and Senior Management Members of the Company**

**Article 134** In any of the following circumstances, a person shall not serve as director, supervisor, general manager or other senior management member of the Company:

- (I) a person without or with limited capacity for civil conduct;
- (II) a person who is sentenced to criminal punishment for corruption, bribery, embezzlement of property, misappropriation of property or disruption of the order of the socialist market economy;
- (III) a person who is a director or plant manager or manager of a company or enterprise in bankruptcy liquidation and is personally held responsible for the bankruptcy of such company or enterprise, where less than 3 years have lapsed from the date of completion of the bankruptcy liquidation of the said company or enterprise;
- (IV) a person who is the legal representative of a company or enterprise whose business license has been revoked or which has been ordered to close down due to violation of laws and is personally held responsible for such circumstance, where less than 3 years have lapsed from the date on which the business license of the company or enterprise has been revoked;
- (V) a person who has a large amount of outstanding debts which have become overdue;
- (VI) a person who is currently under investigation by judicial authorities for violation of criminal law;
- (VII) a person who, according to relevant laws and administrative regulations, cannot act as a leader of an enterprise;
- (VIII) a person other than a natural person;
- (IX) a person who has been convicted by the relevant competent authority that he/she has violated relevant securities regulations and acted fraudulently or dishonestly, where less than 5 years have lapsed from the date of such conviction;
- (X) other circumstances specified in relevant laws and regulations of the place where the Company's shares are listed.

**Article 135** The validity of an act carried out by a director, general manager and other senior management member on behalf of the Company as against a bona fide third party shall not be affected by any irregularity in his/her employment, election or qualification.

**Article 136** In exercising the functions and powers conferred by the Company, the directors, supervisors, general manager and other senior management members of the Company shall fulfil the following obligations to each shareholder in addition to the obligations required by laws, administrative regulations or the listing rules of the stock exchange on which the Company's shares are listed:

- (I) not cause the Company to operate beyond the business scope stipulated in its business license;
- (II) act honestly in the best interests of the Company;
- (III) not expropriate the Company's property in any way, including (but not limited to) opportunities beneficial to the Company;
- (IV) not expropriate the individual rights of shareholders, including (but not limited to) the rights to distribution and voting rights, save and except pursuant to a restructuring of the Company which has been submitted to the general meeting for approval in accordance with the Articles of Association.

**Article 137** Each of the Company's directors, supervisors, general manager and other senior management members owes the duty that in the exercise of his/her powers or discharge of his/her obligations, to exercise the care, diligence and skill that a reasonable prudent person would exercise under similar circumstances.

**Article 138** Each of the Company's directors, supervisors, general manager and other senior management officers shall perform his/her duties on the principle of honesty, and shall not put himself/herself in a position where his/her interests and his/her obligations may conflict. The said principle includes (but not limited to) the following obligations:

- (I) act honestly in the best interests of the Company;
- (II) exercise his/her powers within his/her terms of reference and not act ultra vires;
- (III) exercise the discretion vested in him/her personally and not allow himself/herself to act under the control of any other party; and unless permitted by laws, administrative regulations or with the informed consent of the shareholders given at a general meeting, not delegate the exercise of his/her discretion to others;
- (IV) be equitable towards shareholders of the same class and fair towards shareholders of different classes;
- (V) not conclude any contract, conduct any transaction or make any arrangement with the Company saved as specified in the Articles of Association or with the informed consent from the general meeting;

- (VI) not use the Company's property in any way for his/her own benefit without the informed consent of the shareholders given at a general meeting;
- (VII) not exploit his/her powers to accept bribes or to obtain other illegal income, expropriate the Company's property in any way, including (but not limited to) opportunities beneficial to the Company;
- (VIII) not accept commissions in connection with the Company's transactions without the informed consent of the shareholders given at a general meeting;
- (IX) comply with the Articles of Association, perform his/her official duties faithfully, protect the interests of the Company and not exploit his/her position and power in the Company for his/her own interests;
- (X) not compete with the Company in any form without the informed consent of the shareholders given at a general meeting;
- (XI) not misappropriate the funds of the Company, not deposit the assets or funds of the Company in the name of an individual or open an account in any other name; not violate the provisions of the Articles of Association, lend the funds of the Company to other persons or use the property of the Company as security for the shareholders of the Company or other individuals without the consent of the general meeting or the Board;
- (XII) not use their connected relations to damage the interests of the Company;
- (XIII) not disclose any confidential information in relation to the Company which he/she has obtained during his/her term of office without the informed consent of the shareholders given at a general meeting; nor shall he/she use such information other than for the Company's benefit, save that disclosure of such information to the court or other governmental authorities is permitted if:
  - 1. as required by law;
  - 2. as required in the interests of the public; and
  - 3. required for the interests of the said director, supervisor, general manager and other senior management members.

Earnings obtained by the said persons in this article in violation to the provisions herein shall belong to the Company, and such persons shall be liable for compensation for any loss incurred to the Company.

**Article 139** Directors, supervisors, general manager and other senior management members of the Company shall not direct the following persons or institutions (“**Related Parties**”) to do anything that they shall not do:

- (I) the spouses or minor children of the Company’s directors, supervisors, general manager or other senior management members;
- (II) the trustees of the Company’s directors, supervisors, general manager or other senior management members or any person referred to in sub-paragraph (I) of this article;
- (III) the partners of the Company’s directors, supervisors, general manager or other senior management members or any person referred to in sub-paragraphs (I) and (II) of this article;
- (IV) companies effectively and independently controlled by directors, supervisors, general manager and other senior members of the Company or companies effectively and jointly controlled with the persons set out in sub-paragraphs (I), (II) and (III) of this article or other directors, supervisors, general manager and other senior management members of the Company; and
- (V) directors, supervisors, general managers and other senior management members of the controlled companies referred to in sub-paragraph (IV) of this article.

**Article 140** The fiduciary duties of a director, supervisor, general manager and other senior management members of the Company do not necessarily cease upon termination of their tenure. The duty of confidentiality in respect to trade secrets of the Company survives the termination of their tenures. The duration of other obligations shall be determined on the basis of equitable principles, depending on the length of time between the occurrence of the event and departure, and on the circumstances and conditions under which the relationship with the Company ends.

**Article 141** The liabilities of directors, supervisors, general manager and other senior management members of the Company for breaching a specific obligation may be exempted through an informed resolution given by shareholders at a general meeting, save for the circumstances specified in Article 57 of the Articles of Association.

**Article 142** Where a director, supervisor, general manager or other senior management member of the Company is, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, he/she shall disclose the nature and extent of his/her interest to the Board at the earliest opportunity, whether or not such matters are subject to the approval of the under normal circumstances.

Except in so far as such exceptions are specifically specified in the Articles of Association approved by the Hong Kong Stock Exchange, no directors shall vote on any contract, transaction or arrangement or any other relevant proposal in which they or any of their close contacts (as defined in the applicable *Main Board Listing Rules* effective from time to time) have material interests. When determining whether a quorum for the meeting is attained, relevant directors shall not be

counted in the quorum. Unless the directors, supervisors, general manager and other senior management members of the Company having material interests have disclosed the said interests to the Board as per paragraph 1 herein, and the Board has approved the matter at a meeting where they were not entitled to vote and be counted in the quorum, the Company shall have the right to cancel the said contracts, transactions or arrangements, save for the circumstance in which the other parties are goodwill parties uninformed of the default of the said directors, supervisors, general manager and other senior management members.

If the Related Parties of the directors, supervisors, general manager and other senior management members of the Company have any interests in a contract, transaction or arrangement, the said directors, supervisors, general manager and other senior management members shall also be deemed as having interests.

**Article 143** If the directors, supervisors, general manager and other senior management members of the Company, before the Company first considers entering into relevant contracts, transactions or arrangements, have notified the Board in writing that they will have interests in the contracts, transactions or arrangements to be concluded with the Company in the future because of the reasons set out in the notice, they will be deemed as having executed disclosure as specified in the preceding article of this chapter.

**Article 144** The Company shall not pay taxes in any form for its directors, supervisors, general manager and other senior management members.

**Article 145** The Company shall not directly or indirectly provide any loan or loan guarantee to the directors, supervisors, general manager and other senior management members of the Company and its controlling shareholders, or to the Related Parties of the aforesaid persons.

The preceding paragraph shall not apply in the following circumstances:

- (I) The Company provides loans or loan guarantees for its subsidiaries;
- (II) The Company, in accordance with the appointment contracts approved at the general meeting, provides loans, loan guarantees or other monies to the directors, supervisors, general manager and other senior management members of the Company so that they may pay the expenses incurred for the Company or for fulfilling duties of the Company; and
- (III) if the normal business scope of the Company extends to the provision of loans and loan guarantees, the Company may provide loans and loan guarantees to the relevant directors, supervisors, general manager and other senior management members, provided that the conditions for the provision of loans or loan guarantees shall be normal business conditions.

**Article 146** If the Company provides loans in violation of the provisions of the preceding article, regardless of the loan conditions, the person who receives the money shall pay it back immediately.

**Article 147** The Company shall not be forced to execute loan guarantee provided in violation of Paragraph 1 of Article 145 except in the following circumstances:

- (I) The lender was not aware of the relevant circumstances when he/she provided a loan to a related party of any of the directors, supervisors, general managers and other senior management members of the Company or its controlling shareholders;
- (II) The collateral provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

**Article 148** The guarantee as referred to in the preceding articles shall include the act of the guarantor to undertake liability or provide property to ensure fulfilment of obligations by the obligor.

**Article 149** Where a director, supervisor, general manager or other senior management members of the Company has breached his/her obligations owed to the Company, the Company has, in addition to any rights and remedies provided for in the laws and administrative regulations, the right to take the following measures:

- (I) To demand such director, supervisor, general manager or other senior management member compensate for losses sustained by the Company as a result of such breach;
- (II) To rescind any contract or transaction that has been entered into by the Company with such director, supervisor, general manager or other senior management member, or with a third party (where such third party has known or should have known that such director, supervisor, general manager or other senior management member that represents the Company has breached his/her duties owed to the Company);
- (III) To demand such director, supervisor, general manager or other senior management member to surrender profits obtained as a result of the breach of his/her obligations;
- (IV) To recover any monies received by the director, supervisor, general manager or other senior management member that should have been received by the Company, including (without limitation) commissions;
- (V) To demand the return of interest earned or which may have been earned by such director, supervisor, general manager or other senior management member on the monies that should have been paid to the Company; and
- (VI) To institute legal proceedings to rule that the properties obtained by such director, supervisor, general manager or other senior management member for breach of obligations shall belong to the Company.

**Article 150** The Company shall, with the prior approval of the general meeting, enter into a written contract with its director, supervisor or senior management member regarding his/her remunerations. The written contract shall cover at least the following matters:

- (I) The directors, supervisors and senior management members shall undertake to the Company to observe and comply with the *Company Law*, *Special Regulations*, the Articles of Association, *Code on Takeovers and Mergers*, *Code on Share Repurchases* and other provisions of the Hong Kong Stock Exchange, and agree that the Company will be entitled to the remedial measures under the Articles of Association and relevant contract and positions thereof shall not be transferred;
- (II) The directors, supervisors or senior management members shall undertake to the companies representing respective shareholders to observe and fulfil their due duties for the shareholders under the Articles of Association;
- (III) Arbitration clauses as specified in Article 193 of the Articles of Association.

The aforesaid remunerations include:

- (I) Remunerations in respect to his/her service as director, supervisor or senior management member of the Company;
- (II) Remunerations in respect to his/her service as director, supervisor or senior management member of any subsidiary of the Company;
- (III) Remunerations in respect to the provision of other services in connection with the management of the Company and any of its subsidiaries; and
- (IV) Payment to the director or supervisor as compensation for loss of office or as consideration in connection with his/her retirement.

No proceedings may be brought by a director or supervisor against the Company for any benefit due to him/her in respect to the matters mentioned in this Article except pursuant to the contract mentioned above.

The Company shall, on a regular basis, provide details about the remunerations obtained by directors, supervisors and senior management members from the Company to the shareholders.

**Article 151** The contracts entered into between the Company and its directors or supervisors concerning remunerations shall prescribe that in the event that the Company is being acquired, the Company's directors and supervisors shall, subject to the prior approval of shareholders at a general meeting, have the right to receive compensation or other payment in respect to their loss of office or retirement. For the purposes of the preceding paragraph, the acquisition of the Company includes any of the following:

- (I) An offer made by any person to all shareholders; or

- (II) An offer made by any person such that the offeror will become the controlling shareholder. The definition of a controlling shareholder is the same as that in the Articles of Association.

If the relevant director or supervisor does not comply with this Article, any sum received by him/her shall belong to those persons who have sold their shares as a result of the acceptance of such offer, and the expenses incurred in distributing that sum on a pro rata basis among those persons shall be borne by the relevant director or supervisor and shall not be deducted from the distributed sum.

## **Chapter 15 Financial Accounting System**

**Article 152** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions stipulated by the relevant authorities of the State.

**Article 153** The fiscal year of the Company is Gregorian calendar year, i.e. from 1 January to 31 December every year.

At the end of each fiscal year, the Company shall prepare a financial report which shall be audited and verified according to law.

The financial statements of the Company shall be prepared in accordance with China Accounting Standards for Business Enterprises and the requirements of applicable laws and regulations.

**Article 154** The Board of the Company shall make available before the shareholders at every annual general meeting such financial reports prepared by the Company in accordance with the relevant laws, administrative regulations and regulatory documents promulgated by the local government and the competent authorities.

**Article 155** The Company shall not maintain books of accounts other than those provided for by law. The Company's assets shall not be deposited in an account maintained in the name of any individual.

**Article 156** The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days prior to the date of the annual general meeting. Each shareholder of the Company has the right to receive a copy of such financial reports mentioned in this Chapter.

The financial reports in the preceding paragraph shall include directors' report, balance sheet (including documents to be attached in accordance with PRC laws, other laws, and administrative regulations), profit and loss statement (income statement), statement of income and expenditure (cash flow statement) or (under condition of not violating PRC laws) financial highlights approved by Hong Kong Stock Exchange.

The Company shall, at least 21 days before convening of the annual general meeting, deliver or send by prepaid mail the aforesaid financial reports (including each document to be attached to the balance sheet as prescribed by law) to all holders of overseas listed foreign shares at the address registered in the share register. The Company may also do the same by announcement (including through the Company's website) in accordance with the laws, administrative regulations, department rules and relevant regulations of the securities regulatory authority of the place where the Company's shares are listed.

**Article 157** The Company shall publish its financial reports twice every fiscal year. The interim financial report shall be published within 60 days after the first 6 months of each fiscal year and the annual financial report shall be published within 120 days after each fiscal year.

The interim results or financial data announced or disclosed by the Company shall be prepared in accordance with China Accounting Standards for Business Enterprises and the requirements of applicable laws and regulations.

## **Chapter 16 Profit Distribution**

**Article 158** After being adjusted in accordance with relevant regulations of the State, the Company shall distribute profits in the following order:

- (I) Pay income tax according to law;
- (II) Make up for losses of previous years;
- (III) Withdraw 10% as statutory common reserve fund;
- (IV) Withdraw discretionary common reserve fund subject to resolutions of the general meeting;
- (V) Withdraw various employee welfare funds that should be undertaken by enterprises according to law;
- (VI) Pay dividends to shareholders.

Such withdrawal may be stopped when the statutory common reserve fund of the Company has accumulated to at least 50% of the registered capital of the Company. After withdrawal of statutory common reserve fund, the Board may decide whether to withdraw discretionary common reserve fund. The Company shall not distribute any profit to shareholders before making up for its losses and withdrawing statutory common reserve fund. The Company's shares held by the Company are not entitled to any profit distribution.

**Article 159** Capital reserve fund includes the following items:

- (I) Premium received when shares are issued at a premium to their par value;

(II) Any other income required by the finance regulatory department of the State Council to be included in the capital reserve fund.

**Article 160** Where the Company, upon adoption of a resolution by the general meeting, is to convert the common reserve fund into capital stock, new shares shall be distributed to the shareholders in proportion to their original shareholdings. Where the statutory common reserve fund is converted into capital stock, the balance of the reserve fund shall not fall below 25% of the Company's registered capital prior to such conversion.

**Article 161** The Company may distribute dividends in either (both) of the following forms:

(I) Cash;

(II) Shares.

**Article 162** Monies paid for any shares before dunning shall have dividends, but the shareholders are not entitled to dividends announced later for the said monies.

**Article 163** 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 and other payables distributed by the Company for the overseas listed foreign shares, and keep the said monies for payment to the said shareholders.

The collection agents appointed by the Company shall meet the relevant requirements of the laws of the listing place or the relevant regulations of the stock exchange.

The collection agents appointed by the Company for holders of foreign shares listed on Hong Kong Stock Exchange shall be trust companies registered pursuant to the *Trustee Ordinance* of Hong Kong.

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.

If the Company ceases sending dividend warrants to holders of overseas listed foreign shares by post, it shall be stipulated that such dividend warrants haven't been cashed and that the Company shall not exercise such right until such dividend warrants have been so left uncashed on two consecutive occasions. The Company may also, however, exercise such power where such dividend warrants are sent back due to the initial failure of service to the addressee.

Regarding the right to issue warrants to unregistered holders, no new warrants may be issued in place of the lost ones unless the Company confirms, beyond all reasonable doubts, the original warrants have been destroyed. The Company is entitled to sell the share certificates of uncontactable holders of overseas listed foreign shares in a manner the Board deems fit, subject to the following terms:

- (I) Dividends have been distributed for the said shares for at least three times in a period of 12 years, but are not claimed in the said period; and
- (II) Upon expiry of the 12-year period, the Company publishes an announcement on one newspaper or more newspapers in the place where the Company's shares are listed, stating its intention to dispose of the shares, and notifies Hong Kong Stock Exchange of such intention.

**Article 164** Cash dividends and other monies paid by the Company to holders of domestic shares shall be paid in RMB. Cash dividends and other monies paid by the Company to holders of overseas listed foreign shares shall be stated and announced in RMB and paid in HKD. Foreign currency needed by the Company to pay cash dividends and other monies to holders of overseas listed foreign shares shall be obtained pursuant to relevant State regulations on foreign exchange.

**Article 165** Save as otherwise specified in relevant laws and administrative regulations, if the cash dividends and other monies are paid in HKD, the exchange rate shall be the average selling rate of foreign exchange issued by People's Bank of China one Gregorian week before announcement of the dividends and other monies.

## **Chapter 17 Appointment of Accounting Firm**

**Article 166** The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial reports and review the Company's other financial reports.

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

If the inaugural meeting does not exercise the powers according to the preceding paragraph, those powers shall be exercised by the Board.

**Article 167** The term of appointment of the accounting firm for the Company shall be from conclusion of one annual general meeting to conclusion of the next annual general meeting.

**Article 168** The accounting firm appointed by the Company shall have the following rights:

- (I) To access the account books, records and vouchers of the Company at any time, and to ask a director, general manager or other senior management member to provide relevant documents and explanations;

- (II) To require the Company to take all reasonable measures to obtain from its subsidiaries such information and explanation as are necessary for the fulfilment of its duties;
- (III) To attend general meetings and to receive all notices of, and other information relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the accounting firm of the Company.

The Company shall provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

**Article 169** If there is a vacancy in the position of the accounting firm, the Board may appoint an accounting firm to fill such vacancy before the convening of the general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period of vacancy.

**Article 170** Regardless of the terms in the contract concluded between the accounting firm and the Company, the general meeting may, through an ordinary resolution, dismiss the said accounting firm before expiry of the term thereof. In the event of any rights claimed by the accounting firm against the Company, the said rights shall not be affected.

**Article 171** The remuneration of the accounting firm or the manner in which such firm is to be remunerated shall be determined by the general meeting. The remuneration of the accounting firm appointed by the Board shall be determined by the Board.

**Article 172** The appointment, removal or non-reappointment of an accounting firm by the Company shall be decided by a resolution of the general meeting. Such resolution shall be filed with the securities authority of the State Council.

The general meeting shall comply with the following provisions in passing a resolution to appoint a non-incumbent accounting firm to fill any vacancy of accounting firms or continue appointing an accounting firm appointed by the Board to fill the vacancy or dismiss an incumbent accounting firm:

- (I) A copy of the appointment or removal proposal shall be sent to the accounting firm which is proposed to be appointed or dismissed or which has left its post in the relevant fiscal year before the notice of the general meeting is given to the shareholders.

The leaving of an accounting firm may refer to the removal, registration or retirement of such firm.

- (II) If the retiring accounting firm makes a written statement and requests the Company to give the shareholders notice of such statement, the Company shall (unless the statement has been received after the prescribed time) take the following measures:
1. Describe in the notice issued for the resolution that the accounting firm about to terminate service have made a statement; and
  2. Send to the shareholders who have the right to get the notice of general meeting 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 accounting firm as per item (II) herein, the relevant accounting firm may require that the said statement be read at the general meeting and may lodge a complaint.
- (IV) The retiring accounting firm shall be entitled to attend the following meetings:
1. The general meeting at which its term of appointment expires;
  2. The general meeting for filling vacancy because of its termination of service; and
  3. The general meeting held because of its resignation.

The accounting firm about to terminate service has 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 accounting firm.

**Article 173** Where the Company dismisses or does not continue appointing the accounting firm, prior notice shall be given to the accounting firm, and the accounting firm shall be entitled to state its opinions to the general meeting. Where the accounting firm tenders its resignation, it shall state to the general meeting whether the Company has anything inappropriate.

The accounting firm 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 placement of the resignation notice at the legal address of the Company, or on a later date specified in the notice. The said notice shall include the following statements:

1. a statement that its resignation does not involve any information to be disclosed to the shareholders or creditors of the Company; or
2. a statement that any such information is to be disclosed.

The Company shall send a copy of the written notice mentioned in Paragraph 2 of this article to relevant competent authority within 14 days after receipt of the said notice. If the notice contains the statement mentioned in Item 2 of Paragraph 2 of this article, the Company shall keep a copy of the said statement at the Company for inspection by the shareholders. If the notice contains the

statement mentioned in Item 2 of Paragraph 2 of this article, the Company shall also send the aforesaid copy by prepaid mail to each holder (shareholder who has the right to obtain the financial reports of the Company) of overseas listed foreign shares at the address as shown in the share register.

If the notice of resignation of the accounting firm contains the statement mentioned in Item 2 of Paragraph 2 of this article, the accounting firm may require the Board to convene an extraordinary general meeting to listen to its explanation about the resignation.

## **Chapter 18 Notice**

**Article 174** The notice of the Company may be served as follows:

- (I) by personal delivery;
- (II) by post;
- (III) by fax or email;
- (IV) by publication on the website designated by the Company and the Hong Kong Stock Exchange in accordance with the laws, administrative regulations and the listing rules of the stock exchange of the place where the Company's shares are listed;
- (V) by announcement;
- (VI) by other means agreed upon by the Company or the recipient in advance or approved by the recipient after receipt of the notice;
- (VII) by other means approved by the relevant regulatory authority of the place where the Company's shares are listed or stipulated in the Articles of Association.

Save as otherwise specified in the context, the "announcement" as mentioned herein, in respect of the announcement sent to holders of domestic shares or required to be sent in China pursuant to relevant regulations and the Articles of Association, refers to announcement published in the newspapers in China, which newspapers shall be as specified in the Chinese laws and administrative regulations or designated by the securities regulatory authorities of the State Council; if the Company sends the notice to the holders of overseas listed foreign shares by announcement, an electronic version for immediate publication shall be submitted on the same day to the Hong Kong Stock Exchange via the electronic publication system of the Hong Kong Stock Exchange pursuant to the local listing rules for publication on the website of the Hong Kong Stock Exchange, or an announcement shall be published in newspapers (including publication of advertisements in the newspapers) according to the local listing rules. The announcement shall also be published on the website of the Company. In addition, save as otherwise specified in the Articles of Association, the said notice shall be sent by personal delivery or prepaid mail to the registered addresses in the register of holders of overseas listed foreign shares, so that the shareholders are fully informed and have enough time to exercise their rights or act in accordance with the notice.

The holders of overseas listed foreign shares of the Company may obtain in written form (by e-mail or by post) the information about the Company that the Company shall send to the shareholders, and may choose to receive either or both of the Chinese and English versions. The holders of overseas listed foreign shares may, in a reasonable period, also notify the Company in writing in advance to revise the means of receiving the aforesaid information and the relevant version thereof according to proper procedures.

To prove that they have sent the notices, documents, information or written statements to the Company, the shareholders or directors shall provide evidence showing that the relevant notices, documents, information or written statements have been sent to the correct address before the designated deadline by ordinary means or by prepaid mail.

Although the Company is required to provide and/or send information about the Company to shareholders in writing according to the preceding paragraph, regarding the means used by the Company to provide and/or send information about 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 relevant laws and regulations and the Listing Rules of the Hong Kong Stock Exchange amended from time to time, it may send or provide information about the Company to shareholders of the Company by electronic means or via publication on website of the Company. Information about the Company includes but is not limited to circulars, annual reports, interim reports, quarterly reports, notices of general meetings and other information about the Company listed in the Listing Rules of the Hong Kong Stock Exchange.

If the Company has obtained the right to issue notices via advertisements, such advertisements may be published in newspapers and there is no prohibition on sending a notice to shareholders whose registered addresses are in places other than Hong Kong.

**Article 175** Save as otherwise specified in the Articles of Association, the means of service of notice specified in the preceding article shall apply to notices of general meetings, Board meetings and Supervisory Committee meetings held by the Company.

**Article 176** If the notice of the Company is sent by personal delivery, the recipient shall affix signature (or seal) to the Return on Service and the signing date shall be the date of service; if the notice of the Company is sent by post, the day 48 hours after handover to the post office shall be the date of service; if the notice of the Company is sent by fax, email or publication on the website, the sending date shall be the date of service; if the notice of the Company is sent by announcement, the date of first announcement shall be the date of service. The relevant announcement shall be published on the designated newspapers and periodicals.

**Article 177** If the listing rules of the stock exchange of the place where the Company's shares are listed stipulate that the Company send, post, distribute, send, announce or otherwise provide relevant documents of the Company in English and Chinese, if the Company has made appropriate arrangements to confirm whether the shareholders hope to receive only the English version or the

Chinese version, the Company may (as per the intent stated by the shareholders) send only the English version or the Chinese version to the related shareholders within the range allowed by the applicable laws and regulations and pursuant to the applicable laws and regulations.

## **Chapter 19 Merger and Division of the Company**

**Article 178** In respect of the merger or division of the Company, the Board of the Company 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 laws. Any shareholder objecting to the merger or division of the Company shall have the right to require the Company or the shareholders approving the merger or division of the Company to purchase his/her shares at a fair price. Resolution on merger or division of the Company shall be archived as document for reference by the shareholders.

The aforesaid document shall also be served by mail to holders of overseas listed foreign shares.

**Article 179** Merger of the Company may be in two forms: merger by absorption and merger by consolidation.

In the event of merger of the Company, the parties concerned shall conclude a merger agreement and prepare a balance sheet and a property inventory. The Company shall notify its creditors within 10 days after the adoption of the merger resolution and shall publish 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 haven't received the notice.

The claims 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 180** Where the Company is divided, its properties shall be divided accordingly.

Where the Company is divided, a balance sheet and a property inventory shall be prepared. The Company shall notify its creditors within 10 days after the adoption of the merger resolution and shall publish announcements in newspapers within 30 days.

The companies after division shall bear joint liability for the debts of the Company before division as per the agreements concluded, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before division.

**Article 181** Change in registered particulars arising from a merger or division of the Company shall be registered with the company registration authority according to laws. If the Company is dissolved, it shall be deregistered according to laws. If a new company is established, such establishment shall be registered according to laws.

## Chapter 20 Dissolution and Liquidation of the Company

**Article 182** The Company dissolves for the following reasons: (I) the operation period expires;

- (II) the general meeting resolves to do so;
- (III) merger or division of the Company entails dissolution;
- (IV) the business license is revoked according to laws, or the Company is ordered to close or is cancelled;
- (V) if the Company gets into serious trouble in operations and management and continuation may incur material losses of interests to 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 according to laws;
- (VI) the Company is declared bankrupt according to laws because it is unable to pay its debts as they fall due.

**Article 183** Where the Company is dissolved pursuant to Items (I), (II) or (V) of Article 182 of the Articles of Association, it shall establish a liquidation committee for liquidation within 15 days after the dissolution circumstance arises. The members of the liquidation committee shall be determined by an ordinary resolution of the general meeting. If the liquidation committee is not duly set up, the creditors may request the people's court to designate related persons to form a liquidation committee to carry out liquidation. If the Company is dissolved pursuant to Item (III) of Article 182, liquidation shall be effected by the parties to the merger or division in accordance with the contracts concluded at the time of merger or division. If the Company is dissolved pursuant to Item (IV) of Article 182, a liquidation committee comprising shareholders, relevant departments and relevant professionals shall be established by relevant competent authority to carry out liquidation. If the Company is dissolved pursuant to Item (VI) of Article 182, a liquidation committee comprising shareholders, relevant departments and relevant professionals shall be established by the people's court in accordance with relevant laws to carry out liquidation.

**Article 184** 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 thorough investigation on the conditions of the Company and that the Company may repay all the debts of the Company within 12 months after commencement of liquidation.

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

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

**Article 185** The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (I) to examine and take possession of the Company's assets 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 taxes owed and the taxes arising during liquidation;
- (V) to settle claims 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 186** The liquidation committee shall notify all creditors within 10 days after its establishment and shall make announcements in newspapers within 60 days. The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after announcement if the creditors haven't received the notice.

The creditors shall explain matters relating to their rights and provide relevant evidential documents. The liquidation committee shall register the creditor's rights.

The liquidation committee shall not pay off any debts to any creditors during the period of declaration of creditor's rights.

**Article 187** After the liquidation committee has examined and taken possession of the assets of the Company and has prepared a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit such proposal to the general meeting or relevant competent authority for confirmation.

The assets of the Company shall be liquidated in the following order of priority: liquidation expenses; salaries, labour insurance premiums and statutory compensations for the employees of the Company; outstanding taxes; and other debts of the Company.

The remaining assets of the Company after repayment as specified in the preceding paragraph shall be distributed to the shareholders of the Company as per the types of their shares and their shareholding percentages.

The Company shall not conduct any new business activity in the course of liquidation.

**Article 188** After the liquidation committee 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 for declaration of bankruptcy of the Company.

Following a ruling by the people's court that the Company is bankrupt, the liquidation committee shall transfer to the people's court all matters relating to the liquidation.

**Article 189** After completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report, an income and expenditure statement 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 people's court for confirmation. The liquidation committee shall, within 30 days after confirmation by the general meeting or the people's court, submit the aforesaid documentation to the company registration authority, and apply to cancel registration of the Company and announce termination of the Company.

## **Chapter 21 Amendment to the Articles of Association**

**Article 190** The Company may amend the Articles of Association pursuant to laws, administrative regulations and the Articles of Association. The Company shall amend the Articles of Association in any of the following circumstances:

- (I) After amendments are made to the *Company Law* or other relevant laws and administrative regulations, the Articles of Association run counter to the said amendments;
- (II) The Company's conditions have changed, and such change is not covered in the Articles of Association;
- (III) The general meeting has resolved to amend the Articles of Association.

**Article 191** The Articles of Association shall be amended as per the following procedures:

- (I) The Board first approves the resolution on amendment to the Articles of Association and drafts a proposal on amendment to the Articles of Association;
- (II) The Board holds a general meeting and the proposal on amendment to the Articles of Association is voted on by the general meeting;
- (III) The general meeting approves the proposal on amendment to the Articles of Association via special resolutions;
- (IV) The Company submits the amended Articles of Association to the company registration authority for filing.

**Article 192** If the amendment to the Articles of Association involves any content of the *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 Commission of the State Council; if the amendment involves registration of the Company, the involved change shall be registered pursuant to laws.

## **Chapter 22 Settlement of Disputes**

**Article 193** The Company shall settle disputes following the rules below:

- (I) In the event of any dispute or claim between a holder of overseas listed foreign shares and the Company, between a holder of overseas listed foreign shares and a director, supervisor, the general manager or other senior management members, 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, *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 claim or dispute; 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, the general manager, or other senior management members.

Disputes relating to definition of shareholders and share register may be settled other than through 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. Once an applicant submits a dispute or claim for arbitration, the other party must carry out the arbitration at the arbitration institution 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 dispute or claim set out in Item (I) by way of arbitration shall be governed by laws of the People's Republic of China (exclusive of Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan Region), save as otherwise specified by laws and administrative regulations.
- (IV) The arbitration award made by the arbitral institution shall be final and binding on both parties.

- (V) The said arbitration agreement is reached between the directors or senior management members 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 194** The meaning of the “accounting firm” mentioned in the Articles of Association is the same as that of “auditors”.

An “effective controller” mentioned in the Articles of Association refers to a person who is not a shareholder of the Company but can effectively control the Company through investment, agreement or other arrangements.

The phrases “above”, “within” and “below” as referred to in the Articles of Association are inclusive while “exceed” and “other than” are exclusive.

“Connected transactions” as referred to in the Articles of Association shall be as defined in the *Listing Rules* of the Hong Kong Stock Exchange.

**Article 195** The Articles of Association shall be executed in Chinese. Where the articles of association in any other language disagree with the Articles of Association, the Chinese version of Articles of Association shall prevail.

**Article 196** After adoption at the general meeting, the Articles of Association shall take effect as from the date on which H shares publicly issued by the Company are listed on the Hong Kong Stock Exchange.

**Article 197** The Articles of Association shall be subject to the interpretation of the Board of the Company.

**Article 198** The Board may formulate the articles of association pursuant to the Articles of Association and submit the same to the general meeting for approval by a special resolution. The articles of association shall not conflict with the Articles of Association.

(This page, containing no text, is the signing page of *Articles of Association of Shandong Fengxiang Co., Ltd.*)

Shareholders:

Shandong Fengxiang (Group) Co., Ltd. (corporate seal)

Shandong Fengxiang Investment Co., Ltd. (corporate seal)

GMK Holdings Group Co., Ltd. (corporate seal)

Guangdong Hengqin Fengxiang Equity Investment Centre (Limited Partnership) (corporate seal)

Shandong Fengxiang Co., Ltd. (corporate seal)