

**China Suntien Green Energy Corporation Ltd \***

新天绿色能源股份有限公司

*(a joint stock limited company incorporated in the People' s Republic of China with limited liability)*

**Articles of Association**

**\* For identification purpose only**

*These Articles of Association are prepared in Chinese. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.*

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Note: Company Law refers to The Company Law of the People's Republic of China (amended in 2005), "**Prerequisite Clauses**" refers to 《The Articles of Association of Companies Seeking a Listing Outside the PRC Prerequisite Clauses》 (Zheng Wei Fa [1994] No. 21) jointly promulgated by formerly State Council Securities Committee and formerly the State Commission for Restructuring the Economic Systems; "**Letter of Supplementary Amendment Advice**" refers to 《Letter of Supplementary Amendment Advice on The Articles of Association of Companies Seeking a Listing in Hong Kong》 (Zheng Jian Hai Han [1995] No. 1) jointly promulgated by the Overseas Listing Department of China Securities Regulatory Commission and formerly the State Commission for Restructuring the Production System Division; "**Guidelines for Articles of Association**" 《Guidelines for Articles of Association of Chinese Listed Companies(amended in 2006)》 (Zheng Jian Gong Si Zi [2006] No. 38) promulgated by China Securities Regulatory Commission; "**Listing Rules**" refers to 《Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong》. "**Appendix 3 of the Main Board Listing Rules**" refers to Appendix 3 of 《Exchange Listing Rules》 issued by The Stock Exchange of Hong Kong Limited; "**Appendix 13 D of the Main Board Listing Rules**" refers to section D of Appendix 13 of 《Exchange Listing Rules》 issued by the Stock Exchange of Hong Kong Limited as specified in the margin of this Articles of Association.

## China Suntien Green Energy Co., Ltd

### Articles of Association

#### Chapter 1 General principals

<p><b>Article 1</b> In order to safeguard the lawful rights and interests of China Suntien Green Energy Corporation Limited (hereinafter referred to as “the Company”) and its shareholders and creditors, regularize the Company’s organization and behavior, this Articles of Association is stipulated in accordance with 《The Company Law of the People’s Republic of China》 (hereinafter referred to as “Company Law” ), 《The Securities Law of the People’s Republic of China》 (hereinafter referred to as “Securities Law”), 《The Special Regulations of the State Council Concerning the Overseas Share Subscription and Listing of Joint Stock Limited Companies》 (hereinafter referred to as “Special Provisions”), 《The Articles of Association of Companies Seeking a Listing Outside the PRC Prerequisite Clauses》 , 《Letter of Supplementary Amendment Advice on The Articles of Association of Companies Seeking a Listing in Hong Kong》, 《Guidelines for Articles of Association of Chinese Listed Companies(amended in 2006)》 and other relevant requirements.</p>	<p>Article 1 of Prerequisite Clauses Article 1 of Guidelines for Articles of Association</p>
<p><b>Article 2</b> The Company is a joint stock limited company established in the PRC in accordance with the 《Company Law》, 《Special Regulations》and other State laws and administrative regulations.</p> <p>The Company was established by way of promotion, registered with Commerce and Administration Bureau in Hebei Province and obtained the business license on 9<sup>th</sup> February, 2010.The number of the Company’s business license is: 130000000023637.</p> <p>The promoters of the Company are: Hebei Construction &amp; Investment Group Co., Ltd. and HECIC Water Investment Co., Ltd. Hebei.</p>	<p>Article 1 of Prerequisite Clauses Article 2 of Guidelines for Articles of Association</p> <p>Section 1 (a) of Appendix 13 D of the Main Board Listing Rules Unless expressed otherwise, Prerequisite Clauses and Letter of Supplementary Advice mentioned hereinafter shall be deemed as simultaneously mentioning Section 1 (a) of Appendix 13 D of the Main Board Listing Rules.</p>
<p><b>Article 3</b> Registered Chinese name of the Company: 新天绿色能源股份有限公司</p> <p>Registered English name of the Company: China Suntien Green Energy Corporation Limited</p>	<p>Article 2 of Prerequisite Clauses Article 4 of Guidelines for Articles of Association</p>
<p><b>Article 4</b> The Company’s Address: N0.9 Yuhua West Road, Shijiazhuang City Postcode: 050051 Telephone: 0311-85288876 Fax: 0311-85288876</p>	<p>Article 3 of Prerequisite Clauses Article 5 of Guidelines for Articles of Association</p>
<p><b>Article 5</b> The chairman of the Company is the legal representative of the Company.</p>	<p>Article 4 of Prerequisite Clauses Article 8 of Guidelines</p>

		for Articles of Association
<b>Article 6</b>	The Company is a joint stock limited company of perpetual existence.	Article 5 of Prerequisite Clauses
	The Company is an independent legal entity with independent legal properties, enjoys legal property rights, enjoys civil rights and is liable to civil responsibilities.	Article 7 of Guidelines for Articles of Association
	All the capital of the Company shall be divided into equal shares. Shareholders of the Company are liable thereto the extent of their capital contribution, and the Company is liable for its debts to the extent of all of its assets.	Article 9 of Guidelines for Articles of Association
<b>Article 7</b>	This Articles of Association is passed by the special resolution of the general meeting of the Company, approved by the relevant State authorities and will become effective on the date that the foreign listed shares of the Company are listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Stock Exchange”). The former Articles of Association as registered and recorded under the industry and commerce administrative authorities is replaced.	Article 6 of Prerequisite Clauses
	Once the Articles of Association have been effective, it shall become a legally binding document to standardize the organization and activities of the Company, the rights and obligations between the Company and its shareholders, and among its shareholders.	Article 10 of Guidelines for Articles of Association
<b>Article 8</b>	The Articles of Association shall have binding effect on the Company and its shareholders, directors, supervisors, chief executive officers and other senior management, and the aforesaid personnel shall be entitled to assert their rights on matters in relations to the Company in accordance with the Articles of Association.	Article 7 of Prerequisite Clauses Article 10 of Guidelines for Articles of Association
	The shareholders may issue legal proceedings to the Company in accordance with the Articles of Association provided that such conduct does not violate Article 211 of the Articles of Association; the Company may issue legal proceedings to the shareholders in accordance with the Articles of Association; the shareholders may issue legal proceedings to the other shareholders in accordance with the Articles of Association; the shareholders may issue legal proceedings to the directors, supervisors, the chief executive officer and other senior management in accordance with the Articles of Association.	
	“Issue Legal Proceedings” as mentioned in the preceding paragraph shall include the filing of a suit in the court or application to an arbitral body for arbitration.	Article 11 of Guidelines for Articles of Association
	Other senior management as mentioned in the preceding paragraph includes vice president, chief accountant, general engineer, secretary of board of directors.	
<b>Article 9</b>	Subject to the approval of the relevant governmental authority, the company shall set up subsidiaries, branches representative office and offices out of the PRC and in Taiwan, the special administrative regions such as Hong Kong and Macau based on the business requirement of the company itself.	
<b>Article 10</b>	The Company may invest in other enterprises. However, unless it is otherwise provided for by any law, it shall not become a capital contributor that shall bear several and joint liabilities for the debts of the enterprises in which it invests.	Section 15 of Company Law Article 8 of Prerequisite Clauses

## Chapter 2 Purpose and Scope of Business

<b>Article 11</b>	The Company’s business purpose is to: based on the growing requirement for electricity due to healthy, stable and sustainable development of domestic economy, rely on both domestic and foreign advanced technology and modernized management experience, to invest and	Article 9 of Prerequisite Clauses Article 12 of Guidelines
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exploit new energy such as wind and solar energy, so as to provide clean electric power for the society; to invest in project of natural gas exploiting facility, to promote the utilization and development of clean energy, to participate in the creation of social prosperity and promotion of social progress, to build an outstanding corporate image with healthy, excellence and a sense of social responsibility.

for Articles of Association

**Article 12** The scope of business of the Company shall be based on the projects approved by the company registration authority and examined by the industry and commerce administrative authorities.

Article 10 of Prerequisite Clauses Article 13 of Guidelines for Articles of Association

The principle business of the Company include: investing in projects of new energy such as wind, solar and nuclear energy, investing in project of manufacturing environmental friendly electricity facility, investing in project of exploiting natural gas, liquefied natural gas, compressed natural gas, coal gas and coal bed methane; providing technical development of new energy and clean energy, technical service and technical consultation.

The Company is allowed to adjust the scope of business based on the demands of both domestic and international markets, the development capability and business requirement of the Company itself.

### Chapter 3 Shares, Transfer of Shares and Registered Capital

**Article 13** The Company may, at any time, issue ordinary shares; the Company may, in accordance with requirements and subject to the approval by the company examination and approval department as authorised by the State Council, issue other classes of shares.

Article 11 of Prerequisite Clauses Section 9 of Appendix 3 of the Main Board Listing Rules

**Article 14** The shares of the Company may take the form of share certificate. Shares issued by the Company shall have a par value, the nominal value of each share shall be RMB 1.

Article 12 of Prerequisite Clauses Article 14 of Guidelines for Articles of Association Article 16 of Guidelines for Articles of Association

RMB as mentioned in the preceding paragraph shall refer to the legal currency of the People's Republic of China.

**Article 15** The share of the Company shall be issued in accordance with the open and fair principles that same class of each share shall enjoy equal rights.

Section 9 of Appendix 3 of the Main Board Listing Rules

The terms and price of each share in issue shall be the same as when same class of shares are in issue at the same time; the paid up amount of each subscription share as subscribed by any unit or individual shall carry the same price.

Article 15 of Guidelines for Articles of Association

**Article 16** Subject to approval by the Securities Committee of the State Council, the Company may issue shares to domestic and overseas investors.

Article 13 of Prerequisite Clauses

“Overseas investors” as mentioned in the preceding paragraph shall refer to investors from foreign countries or from Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company; “domestic investors” shall refer to investors within the territory of the People's Republic of China other than the aforesaid regions who subscribe for shares issued by the Company.

**Article 17** Shares issued by the Company in RMB to domestic investors shall be called Domestic Shares. Shares issued by the Company to overseas investors and subscribed in foreign currency shall be called foreign invested shares. Foreign invested shares which are listed overseas shall be called foreign invested shares listed overseas.

Article 14 of Prerequisite Clauses Section 9 of Appendix 3 of the Main Board Listing Rules

Foreign currency as mentioned in the preceding paragraph shall refer to other countries' and regions' legal currencies approved by the State Administration of Foreign Exchange and payable to the Company's shares other than renminbi.

The foreign listed shares of the Company listed in Hong Kong is called H share. H share represents the share with nominal value in renminbi, subscribed and traded in Hong Kong dollars and are listing in Hong Kong after approval

Subject to the approval by the securities regulatory authority of the State Council the holders of the domestic shares of the Company may transfer their Shares to overseas investors, and such transferred shares may be listed and traded on an overseas stock exchange. The listing and trading of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, regulations and requirements of the overseas stock market. The listing and trading of the transferred shares on an overseas stock exchange is not subject to voting by separate class shareholders' meeting

**Article 18** Subject to the approval by the company examination authority as authorised by the State Council, the Company issued 2,000,000,000 shares of ordinary shares to the promoters since establishment, amongst other, Heibi Construction & Investment Group Co., Ltd. has subscribed for and is holding 1,600,000,000 shares (represents 80% of the total issued ordinary shares) and HECIC Water Investment Co., Ltd. has subscribed for and is holding 400,000,000 shares (represent 20% of the total issued ordinary shares).

Article 15 of  
Prerequisite Clauses  
Article 19 of  
Guidelines for Articles  
of Association

**Article 19** After the Company has been established and subject to the approval by the China Securities Regulatory Commission, the Company is allowed to issue 1,238,435,000 shares of foreign listed shares, including over-placing of 161,535,000 shares. At the same time of issuance of foreign listed shares, the state-owned shareholder of the Company has transferred not more than 123,844,000 state-owned shares to the National Social Security Fund Council in accordance with the relevant national requirement in relation to reduction of holding of state-owned shares.

Article 16 of  
Prerequisite Clauses  
Article 19 of  
Guidelines for  
Articles of  
Association  
Section 9 of Appendix  
3 of the Main Board  
Listing Rules

After completion of the issuance of the aforesaid foreign invested shares listed overseas, the Company's equity capital structure was: Hebei Construction & Investment Group Co., Ltd. held 1,500,924,800 shares, accounting for 46.35% of all the ordinary shares; HECIC Water Investment Co., Ltd. held 375,231,200 shares, accounting for 11.59% of all the ordinary shares; the National Social Security Fund Council held 123,844,000 shares, accounting for 3.82% of all the ordinary shares; shareholders of H shares held 1,238,435,000 shares, accounting for 38.24% of all ordinary shares.

In January 2014, as approved by the China Securities Regulatory Commission, the Company issued an additional 476,725,396 foreign invested shares listed overseas to no more than 10 foreign investors by way of private placing. After completion of such issuance of shares, the Company's equity capital structure is: Hebei Construction & Investment Group Co., Ltd. holds 1,500,924,800 shares, accounting for 40.40% of all the ordinary shares; HECIC Water Investment Co., Ltd. holds 375,231,200 shares, accounting for 10.10% of all the ordinary shares; the National Social Security Fund Council holds 123,844,000 shares, accounting for 3.33% of all the ordinary shares; shareholders of H shares hold 1,715,160,396 shares, accounting for 46.17% of all ordinary shares.

**Article 20** Where the Company has a scheme approved by the competent securities department of the State Council to issue Foreign Invested Shares Listed Overseas and Domestic Shares, the board of directors of the Company may implement arrangements to make separate issue.

Article 17 of  
Prerequisite Clauses

A scheme for the separate issue of Foreign Invested Shares Listed Overseas and Domestic Shares prepared by the Company in accordance with the preceding paragraph may be implemented separately within fifteen (15) months from the date on which the issue scheme is approved by the Securities Committee of the State Council.

**Article 21** If a Company separately issues Foreign Invested Shares Listed Overseas and Domestic Shares with the total number of shares fixed in the Company's issue scheme, Foreign Invested Shares Listed Overseas and Domestic Shares shall separately be subscribed in full at one time. Under special circumstances, where the total number of shares in each issue cannot be entirely subscribed in full at the one time, such shares may, subject to approval by the Securities Committee of the State Council, be issued in installments.

Article 18 of  
Prerequisite Clauses

**Article 22** After completion of the issuance of the aforesaid foreign invested shares listed overseas by way of an initial public offering and a private placing, the Company's registered capital is RMB3,715,160,396.

Article 19 of  
Prerequisite Clauses

**Article 23** The Company may, in accordance with the requirements of its business operations and development, increase its capital with approval as stipulated in the Articles of Association.

Article 20 of Prerequisite Clauses Article 21 of Guidelines for Articles of Association

The Company may adopt the following methods to increase its capital:

- (1) issue new shares to non-designated investors for subscription;
- (2) conduct a rights issue of new shares to the existing shareholders and/or designated investors;
- (3) conduct a bonus issue of new shares to the existing shareholders;
- (4) conversion of capital reserve or
- (5) other methods as approved by laws, statutory regulations and securities department of the State Council.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations of the State.

After the increase or reduction of the company's registered capital, the company shall register and announce the alteration in its former industry and commerce administrative authorities.

**Article 24** Except for laws and statutory regulations stipulate otherwise, shares of a Company may be subject to free assignment and shall have no lien attached.

Article 21 of Prerequisite Clauses Article 26 of Guidelines for Articles of Association Section 19A(46) and Section 1(2) of Appendix 3 of the Main Board Listing Rules

**Article 25** The Company shall not accept its shares as subject matter of pledge.

Article 27 of Guidelines for Articles of Association

**Article 26** Shares of the Company held by the promoter are not transferable within one (1) year commencing from the date of incorporation of the Company. Shares of the Company that are already in issue prior to its public offering are not transferable within one (1) year commencing from the date on which the shares of the Company were listed and traded on a stock exchange.

Article 28 of Guidelines for Articles of Association

The Directors, Supervisors and senior officers of the Company shall report to the Company the number of shares held by them in the Company and the subsequent changes in their shareholdings. The number of shares which a Director, Supervisor or senior officer may transfer every year during his term of office shall not exceed 25% of the total number of the Company's shares in his or her possession; and shares of the Company in his or her possession are not transferable within one (1) year commencing from the date on which the shares of the Company were listed and traded on a stock exchange. Such personnel shall not transfer the Company's shares in their possession within six (6) months after they have terminated their employment with the Company.

**Article 27** Any gains from the sale of shares of the Company by any Company's Director, Supervisor, senior management or Shareholders holding 5% or more of the shares in the Company within six (6) months after purchasing such shares, or thereafter any gains from repurchasing such shares in the Company within six (6) months after the sale thereof, shall be vested in by the Company. The Board of the Company shall seize such gains from the abovementioned parties. If the transfer restriction provision hereof involves H shares, then approval from Stock Exchange of Hong Kong is needed. However if a securities company undertakes unsold shares, thereby holding more than 5% of the shares, the sale of these shares shall not be subject to the said 6 months restriction.

Article 29 of Guidelines for Articles of Association Section 19 (A) 46 and Section 1(2) of Appendix 3 of the Main Board Listing Rules

If the board of directors fails to comply with the provision set forth in the preceding paragraph, the shareholders shall have the right to request the board to do so within 30 days. If the board fails to comply within the aforesaid period, the shareholders are authorised to start litigation in the People's Court in their own names for the interest of the Company.

If the board of directors fails to comply with the first paragraph, responsible directors are jointly and severally liable.

## Chapter 4 Reduction of Capital and Buy Back of Shares

**Article 28** In accordance with the 《Company Law》, other related regulations and provisions of the Articles of Association, the Company may reduce its registered capital.

Article 22 of Prerequisite Clauses Article 22 of Guidelines for Articles of Association

**Article 29** When the Company reduces its registered capital, it shall prepare a balance sheet and inventory of assets.

Article 23 of Prerequisite Clauses Article 176 of Guidelines for Articles of Association Section 19 (A) 46 and Section 7(1) of Appendix 3 of the Main Board Listing Rules

Within ten (10) days after the resolution of proposing a reduction of registered capital, the Company shall notify the creditors and a public announcement shall be made in the press as recognized by the stock exchange where the company's securities are listing within thirty (30) days. A creditor shall, within thirty (30) days of receipt of such a notice or within forty-five (45) days of the public announcement where the creditor has not received notice, have the right to request the Company to settle its claim or provide a relevant debt redemption guarantee.

The registered capital after its reduction shall not be less than the statutory minimum account.

**Article 30** In the following circumstances, the Company can buy back shares of the Company in accordance with the law, administrative regulations, departmental regulations and these Articles:

Article 24 of Prerequisite Clauses Article 23 of Guidelines for Articles of Association

- (1) when canceling shares in order to reduce its capital;
- (2) when merging with other companies which hold the Company's shares;
- (3) to give shares to staff of the Company as a reward.
- (4) because a shareholder opposes the Company's merger or division during the shareholders' meeting, he requests the Company to buy back his shares; and
- (5) in other circumstances as stipulated in laws and statutory regulations.

Except the above circumstances, the Company is not allowed to buy or sell its own shares.

**Article 31** Subject to approval by the State department in charge, the following methods may be adopted to buy back shares:

Article 25 of Prerequisite Clauses Article 24 of Guidelines for Articles of Association

- (1) issue a buy back offer to all shareholders according to an equal percentage;
- (2) through means of open trading at the stock exchange;
- (3) through means of an agreement outside the stock exchange; or
- (4) through other means approved by related supervisory department.

**Article 32** The Company may, with the prior sanction of Shareholders obtained at a shareholder's meeting in accordance with the Articles of Association, repurchase its shares by an off-market contract but the Company may rescind or vary such contract or waive any or part of its rights under a contract so entered into by the Company with the prior approval of Shareholders obtained at a shareholder's meeting in the same manner.

Article 26 of Prerequisite Clauses



A contract to repurchase Shares as mentioned above includes (but is not limited) to an agreement to become obliged to repurchase or acquire rights to repurchase Shares.

The Company shall not assign a contract to repurchase its shares or any of its rights thereunder.

That, where the Company has the power to purchase for redemption a redeemable share, if purchases not made through the market or by tender shall be limited to a maximum price; if purchases are by tender, tenders shall be available to all shareholders alike.

Section 8 (1), (2) of  
Appendix 3 of the Main  
Board Listing Rules

**Article 33** After purchasing shares as stipulated in item (1), (2) and (4) of Article 30, the Company shall cancel or transfer such shares within the period prescribed by laws and administrative regulations, and shall make an application to its original registration authority to modify the registration on its registered capital and have a relevant announcement published. If the Company repurchases its own shares in accordance with item (3) of Article 30, the shares so repurchased shall not exceed the maximum proportion prescribed by laws and administrative regulations, the capital used for the acquisition shall be deducted from the profits after tax of the Company, and shall be transferred to the employees within the time prescribed by laws and administrative regulations.

Article 27 of  
Prerequisite Clauses  
Article 25 of Guidelines  
for Articles of  
Association

The Company shall cancel that portion of shares due to repurchase of shares and shall make an application to its original registration authority to modify the registration on its registered capital. The aggregate par value of the cancelled shares shall be offset against the registered capital of the Company.

**Article 34** Unless the Company is in the course of liquidation, it comply with the following provisions in relation to repurchase of its issued shares:

Article 28 of  
Prerequisite Clauses

(1) Where the Company repurchases its shares at par value, payment shall be made out of the book surplus distributable profits of the Company and out of the proceeds from any issue of new shares made for the purpose of the repurchase;

(2) When the Company repurchases its shares at a premium to the par value, payment up to their par value may be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made from the purpose of the repurchase. Payment of the portion in excess of the par value shall be affected as follows:

(a) if the Shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;

(b) if the Shares being repurchased were issued at a premium to the par value, payment shall be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made for the purpose of the repurchase, provided that the amount paid out of such proceeds shall neither exceed the aggregate of the premiums received by the Company on the issue of the Shares repurchased nor the current amount of the share premium account or the capital reserve fund account of the Company (including the premiums on the new issues) at the time of the repurchase;

(3) payment by the Company for the following purposes shall be made out of the Company's distributable profits:

- (a) acquisition of rights to repurchase shares;
- (b) variation of any contract to repurchase shares;
- (c) release of any of the obligation under a contract to repurchase shares.

(4) After the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant regulations, the amount deducted from the distributable profits for paying up the par value portion of the repurchased shares shall be transferred to the Company's share premium account (or capital reserve fund account) of the Company.

## Chapter 5 Financial Assistance for the Acquisition of the Company's Shares

**Article 35** The Company or its subsidiaries shall not at any time or use any means to provide any financial assistance to parties buying or intending to buy the Company's shares. The aforesaid parties buying the Company's shares shall include parties directly or indirectly bearing obligations because of the acquisition of the Company's shares.

Article 29 of  
Prerequisite Clauses  
Article 20 of Guidelines  
for Articles of  
Association

The Company or its subsidiaries shall not at any time or use any means to provide financial assistance to the aforesaid obligated parties in order to reduce or dissolve their obligations.

The provisions of this Article shall not apply in circumstances described in Article 37 of this Chapter.

**Article 36** For the purposes of this Chapter, financial assistance shall include (but not limited to) the following:

Article 30 of  
Prerequisite Clauses

- (1) making a gift;
- (2) providing a guarantee (including an undertaking by the guarantor to bear liability or the guarantor providing property as a means of ensuring that the obligator fulfils an obligation), compensation (but not including such compensation made due to the Company's own fault), dissolving or renouncing of rights;
- (3) providing loans or concluding a contract which stipulates that the Company assumes obligations ahead of another party, changing the parties to these loans or contracts, or assigning rights pertaining to these loans or contracts; and
- (4) providing financial assistance through any other means when the company is unable to repay its debts, has no net assets or in circumstances likely to lead to a heavy reduction in net assets.

For the purpose of this Chapter, "assume obligations" shall include act whereby the obligator assumes obligations as a result of entering into a contract or making an arrangement (regardless of whether that contract or arrangement can be compulsorily enforced or not, or regardless of whether the obligator assumes obligations itself or jointly with others), or changing its financial position through any other means.

**Article 37** The following actions shall not be regarded as actions prohibited by Article 35 of this Chapter:

Article 31 of  
Prerequisite Clauses

- (1) financial assistance honestly provided by the Company for the Company's interests and where the major purpose of such financial assistance is not for acquisition of the Company's shares, or where the said financial assistance is an incidental part of a certain overall plan of the Company;
- (2) the Company using its properties as dividends for distribution in accordance with the law;
- (3) dividends distributed in the form of shares;

(4) reducing registered capital, repurchase shares or adjusting shareholding right structure in accordance with the Articles of Association;

(5) providing loans for its normal course of business operations and within the scope of the Company's business (however, this must not result in a reduction of the Company's net assets, or, where there is a reduction in its net assets, the financial assistance is sourced from the Company's distributable profits); and

(6) providing loans according to the plan for employees to hold shares of the Company (however, this must not result in a reduction of the net assets of the Company, or, where there is a reduction in its net assets, the financial assistance is sourced from the Company's distributable profits).

## Chapter 6 Share Certificates and Shareholders Register

**Article 38** The share certificates of the Company shall adopt the form of registered share certificates. Article 32 of Prerequisite Clauses

Other than 《Company Law》 and Prerequisite Clauses, matters to be stated in company's stocks shall include other matters as required in stock exchange where the Company's shares are listing.

During which the H shares are listing on the Stock Exchange of Hong Kong, the Company shall ensure that all its listing documents of title (including H shares) include the statements stipulated below and shall instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such shares bearing statements to the following effect: Section 19A.52 of the Main Board Listing Rules

(1) The acquirer of shares agrees with the Company and each shareholder of the Company, and the Company agrees with each shareholder, to observe and comply with the 《Company Law》, 《Prerequisite Clauses》, other related laws and administrative regulations and the Articles of Association of the Company.

(2) The acquirer of shares agrees with the Company, each shareholder, director, supervisor, chief executive officer and other senior management of the Company and the Company acting for itself and for each director, supervisor, chief executive officer and other senior management agrees with each shareholder to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the 《Company Law》 or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearing in open session and to publish its award. Such arbitration shall be final and conclusive.

(3) The acquirer of shares agrees with the Company and each shareholder of the Company that shares in the Company are freely transferable by the holder thereof.

(4) The acquirer authorises the Company to enter into a contract on his behalf with each director, chief executive officer and other senior management whereby such directors, chief executive officers and other senior management undertake to observe and comply with their obligations to shareholders stipulated in the Articles of Association.

**Article 39** A share certificate shall be signed by the chairman of the board of directors. If the stock exchange where the Company's shares are listing requests that other senior management shall sign the share certificates, a share certificate shall also be signed by those senior management as requested. A share certificate shall only become valid after it is affixed with the Company seal or with the Company seal in a printed format. That all the share certificates under the company seal shall be affixed with the authority of the board of directors. Printed format may also be adopted for the signature of the chairman of the board of directors or other senior management on a share certificate.

Article 33 of Prerequisite Clauses Supplementary modification Letter No.1 Section 2 (1) of Appendix 3 of the Main Board Listing Rules

**Article 40** A shareholder register shall be established by the Company to record the following items:

Article 34 of Prerequisite Clauses Article 30 of Guidelines for Articles of Association

- (1) the name (or title), address (or residence) and occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid for or amount payable for shares held by each shareholder;
- (4) the serial numbers of shares held by each shareholder;
- (5) the date on which the party registered as a shareholder; and
- (6) the date on which the party ceased to be a shareholder.

The shareholder register shall be sufficient evidence to verify that a shareholder holds Company shares, except where evidence to the contrary exists.

All the activities or transfer of foreign invested shares listed overseas shall be registered at the foreign invested shares listed overseas register and maintained at the place where the shares are listing as stipulated by the Articles of Association.

When two or more people are registered as joint shareholders of any shares, they shall be deemed as common owners, and shall subject to the following clauses:

Section 1 (3) of Appendix 3 of the Main Board Listing Rules

- (1) the Company should not register for joint shareholders of more than four people;
- (2) all joint shareholders of any shares shall assume responsibilities of paying for related shares together and respectively;
- (3) in the case of one of the joint shareholders passes away, only the remained joint shareholders are deemed as having the rights of ownership of the related shares, however the board of directors shall have the rights to demand for related shareholder's death certificate he deems appropriate concerning the alteration of shareholders register; and
- (4) in respect of joint shareholders of any shares, only joint shareholders ranking the first in the joint shareholder's register is allowed to receive related stocks and notices from the Company, attending or exercise part or all voting rights of related shares in shareholder's general meeting, any notices being sent to such persons shall be deemed as already received by all joint shareholders of related shares.

**Article 41** In accordance with the mutual understanding and agreement reached between the Securities Committee of the State Council and the overseas stock exchange supervision and management authority, the original copy of a Company's shareholders register of Foreign Invested Shares Listed Overseas shall be maintained overseas and managed by overseas agent entrusted by the Company. The original copy of a company's register of Foreign Invested Shares Listed Overseas listing in Hong Kong shall be maintained in Hong Kong.

Article 35 of Prerequisite Clauses Supplementary Modification letter No.2 Section 1 (b) of Appendix 13D of the Main Board Listing Rules

A duplicate copy of the Company's shareholders register of Foreign Invested Shares

Listed Overseas shall be kept at the business premises of the Company as backup. The entrusted overseas agent shall ensure the consistency of the original and duplicate copies of the shareholders register of the Foreign Invested Shares Listed Overseas at all times.

In the event of a duplicate copy not being consistent with the original of a shareholders register of Foreign Invested Shares Listed Overseas, the original copy shall prevail.

**Article 42** The Company shall maintain a complete shareholders register.

Article 36 of  
Prerequisite Clauses

A shareholders register shall consist of the following:

- (1) the same register other than those stipulated in items (2) and (3) of this paragraph to be kept at the business premises of the Company;
- (2) a Company's shareholders register of Foreign Invested Shares Listed Overseas to be kept at the location of the overseas stock exchange where the Foreign Invested Shares Listed Overseas is listing; and
- (3) a shareholders register to be kept in another place designated by the board of directors so as to meet the requirements for listing of the Company's shares.

**Article 43** There shall be no overlap between the various parts of the shareholders register. In the event of assignment of shares registered in a certain part of the shareholders register, those shares shall not be permitted to be registered in another part of the shareholders register during the period of time in which their registration is maintained in the other part of the ledger.

Article 37 of  
Prerequisite Clauses

Alteration or correction of any part of a shareholders register shall be carried out in accordance with the law prevailing in the places at which those parts of the shareholders register are kept.

**Article 44** That the overseas Foreign Invested Shares listed in Hong Kong with all the capital being fully paid shall freely be assigned in accordance with the Articles of Association. However, unless the following conditions are satisfied, the board of directors may refuse the admission of any transfer document without giving any reasons:

Supplementary  
Modification letter  
No.12  
Section 1 (1) and 1 (2) of  
Appendix 3 of the Main  
Board Listing Rules

- (1) paying to the Company at a fee of HK\$2.50 (per transfer instrument) or such higher fee as the Hong Kong Stock Exchange may agree, for the registration of transfer instrument and other documents relating to or potentially affecting the share title;
- (2) the transfer instrument shall only be associated with the Foreign Invested Shares Listed Overseas which are listed in Hong Kong;
- (3) the payable duty stamp has been paid for any transfer instrument;
- (4) shall provide the related share certificate and the evidence substantiating the transferor's right to transfer the shares as reasonably required by the board of directors;
- (5) where the shares are intended to transfer to joint holders, then the number of joint holders shall be limited to four;
- (6) no lien of any Company shall be attached to such shares.
- (7) no share is permitted to be transferred to the underage, mentally incompetent and other legally incapacitated person

Section 1 (3) of  
Appendix 3 of the Main  
Board Listing Rules

If the Company refuses the registration of share transfer, it should give the transferor and transferee a written notice for such refusal within 2 months from the date on which the transfer application was formally made.

**Article 45** All the transfer of overseas listed foreign shares listing in Hong Kong shall use the standard or normal format or any other written instrument of transfer which including the standard instrument of transfer form or registration form (as required by the Hong Kong Stock Exchange from time to time), as acceptable by the board of directors; the instrument of transfer shall only be signed (or if offeror or offeree) is a corporation, shall be signed with company chop. If offeree or offeror follows the recognized clearing house (hereinafter "Recognised Clearing House") as defined by the relevant regulations under Hong Kong law as updated from time to time or its agent, the then instrument of transfer form can be signed or use pre-printed signatory.

Section 1 (2) of  
Appendix 3 of the Main  
Board Listing Rules

All instrument of transfer shall be maintained at the legal address of the Company or any place as instructed by the board of directors from time to time. .

**Article 46** The procedures of registration of shareholders register resulting from an assignment of shares shall not be carried out within thirty (30) days from the commencement of a general meeting of shareholders or within five (5) days of the date on which dividends are to be distributed as resolved by the Company. This provision is not applicable when the Company issue new shares under Article 23 and then register the changes of shareholders register.

Article 38 of  
Prerequisite Clauses

**Article 47** When convening a general meeting of shareholders, distributing dividends, in liquidation or conducting other activities involving the confirmation of shareholding right, the board of directors shall confirm a date as shareholding right confirmation date. At the end of the shareholding right confirmation date, shareholders registered in the shareholders register shall be the Company's shareholders.

Article 39 of  
Prerequisite Clauses  
Article 31 of Guidelines  
for Articles of  
Association

**Article 48** Any party which raises objection to a shareholders register and requests its name (or title) to be registered in the shareholders register or requests that its name (or title) be deleted from the shareholders register may apply to the court having jurisdiction to amend that shareholders register.

Article 40 of  
Prerequisite Clauses

**Article 49** Any shareholders registered in the shareholders register or any party who requests that its name (or title) be registered in the shareholders register may apply to the Company for supplementary issue of replacement certificates (i.e. "corresponding certificates") if its share certificates (i.e. "original share certificates") have been lost.

Article 41 of  
Prerequisite Clauses

In the case of a domestic shareholder losing its share certificate and applying for supplementary issue of a replacement certificate, this shall be handled in accordance with the related provisions of the 《Company Law》.

In the case of a holder of Foreign Invested Shares Listed Overseas losing its share certificate and applying for supplementary issue of a replacement certificate, this shall be handled in accordance with the law of the place where the original register of foreign invested shareholders is kept with the rules of the stock exchange or other relevant regulations.

If a holder of Foreign Invested Shares listed in Hong Kong has lost its share certificate and applies for supplementary issue of a replacement certificate, the supplementary issue of a replacement certificate shall be in compliance with the following requirements:

(1) The applicant shall lodge an application according to the standard format designated by the Company and shall attach a notarial certificate or document of legal declaration. The contents of the notarial certificate or legal declaration shall include reasons for the application, details and evidence of the loss of the share certificate and a declaration that no other party can request the registration of such shares as a shareholder.

(2) No declaration has been made by any party other than the applicant requesting the registration of those shares as a shareholder before the Company makes a decision on supplementary issue of a replacement certificate.

(3) Where the Company decides to make supplementary issue of a replacement certificate, a public announcement of the intended supplementary issue of the replacement certificate shall be published in newspaper(s) designated by the board of directors; the period for a public announcement shall be ninety (90) days and the public announcement shall be published at least once every thirty (30) days.

(4) Before publication of a public announcement of the intended supplementary issue of a replacement share certificate, a duplicate copy of the public announcement to be published shall be submitted to the stock exchange where the Company's shares are listing. The public announcement may then be published after receipt of a reply from the stock exchange confirming the display of a public announcement in the stock exchange has occurred. The period for display of a public announcement in the stock exchange shall be ninety (90) days.

If an application for the supplementary issue of a replacement share certificate is made without the consent of a shareholder registered in the shareholders register who holds the relevant shares, the Company shall send the shareholder a copy of the public announcement intending to be posted by way of post.

(5) Upon the expiration of the ninety (90) day period for a public announcement or display as stipulated in items (3) and (4) of this Article and where no objection against supplementary issue of a replacement share certificate has been raised by any party, the replacement share certificate may be issued pursuant to the application.

(6) When making supplementary issue of a replacement share certificate pursuant to the provisions of this Article, the Company shall promptly cancel the original share certificate and shall record such cancellation and supplementary issue of the replacement share certificate on the shareholders register.

(7) All expenses incurred by the Company in the cancellation of the original share certificate and the supplementary issue of the replacement share certificate shall be borne by the applicant. The Company shall have the right to refuse to undertake the action before an applicant provides a reasonable guarantee.

**Article 50** After a replacement share certificate has been issued by the Company in accordance with the provisions of the Articles of Association, a bona fide purchaser who obtains the said new shares or a shareholder (if a bona fide purchaser) who later registers as owner of the said shares shall not be permitted to have its name (or title) deleted from the shareholders register.

Article 42 of  
Prerequisite Clauses

**Article 51** The Company shall not bear liability to compensate for any loss incurred by any party as a result of cancellation of the original share certificate or issue of the replacement share certificate unless the party concerned can prove that the Company has committed fraud.

Article 43 of  
Prerequisite Clauses

## Chapter 7 Rights and Obligation of a Shareholder

**Article 52** The shareholders of the Company shall be the parties who legally hold the Company's shares and whose names (or titles) have been registered on the shareholders register.

Article 44 of  
Prerequisite Clauses  
Article 30 of Guidelines  
for Articles of  
Association

A shareholder shall enjoy rights and assume obligations pursuant to the class and quantity of shares held; holders of the same type of share shall enjoy equal rights and assume equal obligations. The Company's shareholders of different classes enjoy the same rights in any distribution of dividends or other forms.

Section 9 of Appendix 3  
of the Main Board  
Listing Rules

A legal representative or his/her proxy shall exercise the power when corporate legal person is a shareholder.

No power shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

Section 12 of Appendix  
3 of the Main Board  
Listing Rules

<p><b>Article 53</b> A holder of ordinary shares of the company shall have the following rights:</p> <p>(i) to receive dividends and beneficial distributions in other forms according to the quantity of shares held;</p> <p>(ii) to attend or entrust an agent to attend general meeting of shareholders and to execute voting rights;</p> <p>(iii) to supervise and manage business operations of the Company and to raise proposals or address inquiries accordingly;</p> <p>(iv) to assign shares pursuant to the provisions of laws, statutory regulations and the Articles of Association;</p> <p>(v) to obtain information pursuant to the provisions of the Articles of Association including:</p> <ol style="list-style-type: none"> <li>1. obtain a copy of the Articles of Association after the cost has been paid;</li> <li>2. the right to consult or copy the following after reasonable fees have been paid: <ol style="list-style-type: none"> <li>(1) all parts of the shareholders register;</li> <li>(2) personal information concerning directors, supervisors and other senior management of the Company, including: <ol style="list-style-type: none"> <li>(a) current and previous names and/or alternative names;</li> <li>(b) principal address (residence);</li> <li>(c) nationality;</li> <li>(d) full-time position and/or other concurrent positions and posts;</li> <li>(e) identification document and numbers.</li> </ol> </li> </ol> </li> <li>(3) Company share capital position;</li> <li>(4) the Company's latest audited financial statements and the directors', auditors' and supervisors' reports thereon;</li> <li>(5) special resolutions of the Company;</li> <li>(6) reports showing the number and nominal value of securities repurchased by the Company since the end of the last financial year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased;</li> <li>(7) a copy of the latest annual return filed with the Administration for Industry and Commerce or other competent authority; and</li> <li>(8) minutes of general meeting of shareholder.</li> </ol> <p>The Company shall place the above mentioned (1), (3)to(7)and any other applicable documents at the Hong Kong office of the Company according to the listing rule requirement for the review by the public and the overseas listing foreign investors at free of charge.</p> <p>When a shareholder presents a request to inspect the information under the preceding Articles, he should present proof of the type and number of shareholding in writing. The Company should comply with the shareholder's request after verifying his identity.</p> <p>(vi) to participate in, upon the Company's termination or liquidation, the distribution of the Company's remaining assets according to the quantity of shares held;</p> <p>(vii) other rights as stipulated in laws, statutory regulations and the Articles of Association.</p> <p><b>Article 54</b> If the content of the resolutions of the Company's meeting of shareholders or board of directors contravenes the law or administrative regulation, the shareholders can request the People's Court to void the resolutions.</p>	<p>Article 45 of Prerequisite Clauses</p> <p>Prerequisite Clauses Article 32 of Guidelines for Articles of Association</p> <p>Section 19A (50) of the Main Board Listing Rules</p> <p>Article 33 of Guidelines for Articles of Association</p> <p>Article 34 of Guidelines for Articles of Association</p>
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If the convening procedure or voting method of a shareholder's meeting or board of director's meeting contravenes the law, administrative regulation or these Articles, or if the contents of the resolutions contravene the Articles, the shareholders can request the People's Court to cancel the resolutions within 60 days.



**Article 55** If a director or a senior management personnel contravenes the law, administrative regulation, or these Articles when carrying out his duties in the Company, resulting in losses to the Company, shareholders individually or together holding 1% or more of shares for 180 days continuously, can request the supervisory board in writing to start litigation in the People's Court. If a supervisory board contravenes the law, administrative regulation or these Articles, when carrying out his duties in the Company, resulting in losses to the Company, the shareholders can request the board of directors in writing to start litigation in the People's Court.

Article 35 of Guidelines for Articles of Association

If the supervisory board or board of directors refuses to start litigation after receiving the shareholder's written request under the preceding paragraph, or does not start litigation within 30 days of receiving the request, or the situation is so urgent that without an immediate litigation will lead to irreparable losses suffered by the Company, the shareholder under the previous paragraph can litigate directly at the People's Court under his own name, for the interest of the Company.

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

**Article 56** If a director or senior management personnel contravenes the law, administrative regulation, or these Articles, thereby damaging a shareholder's interests, the shareholder can start litigation in the People's Court.

Article 36 of Guidelines for Articles of Association

**Article 57** A holder of ordinary shares of the Company shall assume the following obligations:

Article 46 of Prerequisite Clauses

- (1) to abide by the Articles of Association;
- (2) to pay funds pursuant to the quantity of subscribed shares and the method of subscription;
- (3) assume an amount of liability toward the Company equal to the amount of the subscribed shares;
- (4) cannot give up those shares except as prescribed by the law or administrative regulations;
- (5) cannot abuse his rights as a shareholder to damage the Company's or other shareholder's interests; cannot abuse the legal personality of the Company and the limited liability of the shareholders to damage the interests of creditors.

Article 37 of Guidelines for Articles of Association

A shareholder who abuses his shareholders' rights, resulting in losses to the Company and other shareholders should compensate according to the law.

Shareholders who abuse the legal personality of the Company and limited liability of shareholders, in order to escape from liability, thereby seriously damaging the interests of creditors, should be jointly and severally responsible to bear the Company's debts.

- (6) other obligations as stipulated in laws, statutory regulations and the Articles of Association.

Apart from the conditions accepted at the time of subscribing to shares, a shareholder shall not bear liability for any additional share capital.

**Article 58** In addition to obligations as required by laws, statutory regulations or the listing rules of the stock exchange the Company's shares are listing, a controlling shareholder(according to the definition of the following paragraphs) when executing its shareholding rights shall not be permitted to exercise its voting rights to make decisions on the following matters which harm the interests of all or some shareholders:

Article 47 of Prerequisite Clauses

- (1) to relieve a director or supervisor from his/her responsibility on the basis that this is in the best interests of the Company;
- (2) to approve that a director or supervisor (for his/her own interests or another's interests) expropriate Company property using any means including (but not limited to) any opportunity which is beneficial to the Company;

(3) to approve that a director or supervisor (for his/her own interests or another's interests) divest other shareholders of individual rights and interests including (but not limited to) any distribution rights and voting rights, but not including where the matter is submitted to the general meeting of shareholders for adoption in accordance with the Articles of Association that there be reorganization of the Company.

Article 39 of Guidelines  
for Articles of  
Association

The controlling shareholder or actual controller of the Company cannot use his associated relationship to damage the Company's interests. If this requirement is contravened, resulting in damage to the Company, he should be responsible to compensate.

The controlling shareholder and actual controller have a duty of honesty towards the Company and shareholders holding the public community shares of the Company. The controlling shareholder should strictly exercise his rights as a provider of capital. The controlling shareholder cannot make use of methods such as the distribution of profits, restructuring of assets, external investment, misappropriation of assets, borrowing or providing guarantee, in order to damage the legal interest of the Company and shareholders of public community shares. He cannot make use of his controlling position to damage the legal interest of the Company and shareholders of public community shares.

**Article 59** A controlling shareholder as stated in the preceding Article shall be a person who meets the following requirements:

Article 48 of  
Prerequisite Clauses  
Article 192 of  
Guidelines for Articles  
of Association

(1) when taking independent action or acting in concert with others, that shareholder can elect a majority of directors;

(2) when taking independent action or acting in concert with others, that shareholder executes more than 30% (including 30%) of the Company's voting rights or executes more than 30% (including 30%) control over the Company's voting rights;

(3) when taking independent action or acting in concert with others, that shareholder holds more than 30% (including 30%) of the Company's issued shares;

(4) when taking independent action or acting in concert with others, that shareholder has actual control of the Company in other ways.

"Acting in concert" under this provision refers to two or over two persons base on an agreement, (orally or in written) to reach an unanimous agreement, base on one of another to obtain the voting right of the Company and achieve or enhance the purpose of controlling the Company.

## Chapter 8 General Meeting

**Article 60** General meeting of shareholders shall be the Company's authority and shall exercise its powers of office in accordance with the law.

Article 49 of  
Prerequisite Clauses

**Article 61** A general meeting of shareholders shall exercise the following powers of office:

Article 50 of  
Prerequisite Clauses  
Article 40 of Guidelines  
for Articles of  
Association

(1) determining the Company's business policies and investment plans;

(2) election and replacement of directors who are not staff representatives and determining matters concerning the remuneration of those directors;

(3) election and replacement of supervisors who are not staff representatives and determining matters concerning the remuneration of those supervisors;

(4) discussion and approval of reports compiled by the board of directors;

(5) discussion and approval of reports compiled by the supervisory committee;

(6) discussion and approval of the Company's annual budget and final accounting plans;

(7) discussion and approval of the Company's profit distribution and loss recovery plans;

(8) passing resolutions on matters such as increase or reduction of the Company's registered capital;

- (9) passing resolutions on the issue of corporate bonds, other bonds and programs of listing;
- (10) passing resolutions on matters such as merger, demerger, dissolution, liquidation or changing the form of the Company;
- (11) amending the Articles of Association;
- (12) passing resolutions on matters such as engagement of the accounting firm;
- (13) reviewing guarantee providing which should be decided by shareholder's meetings as required by the law, administrative regulations and these Articles;
- (14) discussing and approving any acquisition or disposal after the value of the acquisition or disposal of material assets for the last one year reaches 30% or more of the latest audited total assets;
- (15) reviewing share incentive plans;
- (16) discussing proposals raised by the shareholders who represent more than 3% (including 3%) of the Company's shareholders with voting rights;
- (17) reviewing other matters which should be decided by shareholder's meetings as required by the law, administrative regulations and these Articles.

Without breach of law, regulations and the mandatory clause of the regulations at the place of listing, the shareholders at the general meeting can authorize or entrust the board of directors to handle the authorization or entrust matters.

**Article 62** Except for under special circumstances such as the Company's in crisis, without the advance approval of a general meeting of shareholders, a company shall not be permitted to enter into a contract with a person other than a director, supervisor, manager or other senior management where such contract grants responsibility to that person for the management or major business activities of the Company.

Article 51 of  
Prerequisite Clauses  
Article 81 of Guidelines  
for Articles of  
Association

**Article 63** General meeting of shareholders shall be separated into annual and extraordinary meetings. A general meeting of shareholders shall be convened by the board of directors. A general meeting of shareholders shall be held once a year within six (6) months after the end of the previous financial year.

Article 52 of  
Prerequisite Clauses  
Article 42 of Guidelines  
for Articles of  
Association  
Article 43 of Guidelines  
for Articles of  
Association

The board of directors shall convene an extraordinary general meeting of shareholders within two (2) months in any of the following circumstances:

- (1) where the number of directors does not meet the number stipulated in the 《Company Law》 or is less than two-thirds of the number required in the Articles of Association;
- (2) where the Company's losses which have not yet been offset account for one-third of the total number of actual share capital;
- (3) where shareholders holding more than 10% (including 10%) of the issued shares of the Company with voting rights make written request for the convening of an extraordinary general meeting of shareholders;
- (4) the board of directors believes it is necessary or the supervisory committee proposes that an extraordinary general meeting of shareholders be convened; and
- (5) where more than half (including half) independent directors request to convene an extraordinary general meeting.

**Article 64** The venue to hold a shareholder's meeting of the Company is: the Company's domicile or other specified place notified by convener of the general meeting.

Article 44 of Guidelines  
for Articles of  
Association

The shareholder's meeting should provide a venue for holding the meeting in the form of on-the-spot meeting. The Company shall also provide internet or other means for the convenience of shareholders attending the meeting. Shareholders attending the shareholder's meeting using the above method are considered present at the meeting.

**Article 65** When convening a general meeting of shareholders, written notification shall be made to the shareholders registered in the shareholders register forty-five (45) days (including the date of meeting but excluding the date of notice issuance) before the convening of the meeting of those matters to be discussed at the meeting and the date and location of the meeting. Shareholders intending to attend the general meeting shall send their written acknowledgments to the Company twenty (20) days before the convening of the meeting.

Article 53 of  
Prerequisite Clauses

When estimate the time of publication of notice, the date of meeting and date of notice should not be included not be counted in the notice time.

In relations to the publication of the notice under this provision, the date of publication of notice represents the date that the Company or the share registrar as appointed by the Company delivers the relevant notice at the post office for posting.

**Article 66** The shareholder(s) holding more than 3% (including 3%) of voting right of the shares of the Company may put forward written temporary proposals to the shareholders' general meeting. The Company shall add the temporary proposals which relates to the scope of duties of the general meeting to agenda of the meeting.

Article 54 of  
Prerequisite Clauses  
Article 53 of Guidelines  
for Articles of  
Association

The temporary proposals as raised by the shareholders shall fulfil the following conditions:

- (1) the contents should be not breach of the law, administrative regulations and within the scope of duties of the shareholders' meetings;
- (2) should have a clear topic and have concert resolutions; and
- (3) should be handled or delivered to the board of directors in written 10 days before the convening of the shareholders' meetings.

Article 52 of Guidelines  
for Articles of  
Association

**Article 67** The Company shall, based on the written replies received twenty (20) days before the commencement of the general meeting, calculate the shares with voting rights held by those shareholders intending to attend the meeting. A general meeting may be convened if those shareholders intending to attend have title to more than half of the Company's shares with voting rights; if not, the Company shall, within five (5) days, notify the shareholders once again through public announcement of those matters to be discussed at the meeting, and the date and location of the meeting. The Company may convene the general meeting only after such public announcement has been made.

Article 55 of  
Prerequisite Clauses

An extraordinary general meeting shall not be permitted to propose resolutions on matters which were not included in the notice.

**Article 68** The notice of a shareholders' general meeting shall meet the following requirements:

Article 56 of  
Prerequisite Clauses  
Article 55 of Guidelines  
for Articles of  
Association

- (1) It shall be made in writing;
- (2) specify the location, date and time of the meeting;
- (3) state those matters to be discussed at the meeting;
- (4) specify the date of share register which the shareholder is entitled to attend the general meeting; ;
- (5) provide the shareholders with data and explanations necessary in order to make informed decisions on those matters to be discussed; this shall include (but not be limited to) providing detailed conditions and contracts (if such exist) on deals to be conducted and proper explanation of consequences where the Company proposes a merger, repurchase of shares, share capital restructure or other reorganization;
- (6) if any director, supervisor, manager or other senior management is an interested party to a matter to be discussed at the meeting, the nature and degree of that interest shall be disclosed; if a matter to be discussed impacts upon such a director, supervisor, manager or other senior management in their capacity as shareholders and such impact differs to the impact on other shareholders holding the same classes of shares, such difference shall be explained;
- (7) include the full text of any special resolution to be passed at the meeting;
- (8) unequivocally state in clear language that a shareholder with the right to attend the meeting and to vote shall be entitled to entrust one or more agents to attend the meeting and to vote on behalf of that shareholder, and that the agent(s) of that shareholder need not necessarily be shareholder(s);and

- (9) state clearly the place and date by which a letter of proxy for voting shall be received.
- (10) name and telephone number of the contact person of the meeting.

**Article 69** The notice of a general meeting shall be delivered to the shareholders (whether or not such shareholders are entitled to vote at the meeting) by hand or by postage-prepared mail; the recipient's address shall be the address as shown in the register of shareholders of the Company. For the holders of domestic shares, the notice of the meeting may also be given by way of public announcement.

Article 57 of  
Prerequisite Clauses

The aforesaid public announcement shall, within forty-five (45) to fifty (50) days before the commencement of the meeting, be published in one or several newspapers designated by the Securities Committee of the State Council. Once a public announcement has been made, this shall be regarded as notice received by all Domestic Shareholders.

**Article 70** In the event of failure to send notice due to accidental omission to a certain person who has the right to obtain notice or where that person failed to receive notice, the meeting and resolutions passed at that meeting shall not become invalid as a result.

Article 58 of  
Prerequisite Clauses  
Article 169 of  
Guidelines for Articles  
of Association

**Article 71** Any shareholder who is entitled to attend and vote at the general meeting may appoint one or more proxies (who need not be a shareholder of the Company) to attend and vote on his behalf. The proxy may exercise the following rights as authorized by the shareholder:

Article 59 of  
Prerequisite Clauses  
Article 59 of Guidelines  
for Articles of  
Association

- (1) to speak for the shareholder at the general meeting;
- (2) to demand by himself/herself or with others to vote by poll; and
- (3) Except for applicable listing rules of securities and otherwise stipulated in security laws and regulations, to vote by show of hands or to vote by poll, however when the number of appointed proxy is more than one, such proxies shall only vote by poll.

If a shareholder is a recognised clearing house (or its proxy), it may authorize such person or persons as it thinks fit to act as its representative(s) at any general meeting of any shareholders of the Company or at any meeting of any class of members provided that if more than one person is authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorized. Such authorised person shall be entitled to exercise the same rights and power on behalf of the recognised clearing house (or its proxy) which he or they represent as if such person is an individual shareholder of the Company.

Hong Kong Clearing  
House opinion

**Article 72** A shareholder shall use written form when entrusting an agent. The letter of proxy shall be signed by the principal or the agent entrusted by the principal in writing. If a principal is a corporation, the letter of proxy shall be affixed with the seal of the corporation or shall be signed by its director or officially entrusted officer or agent. The letter of proxy shall indicate the number of shares represented by an agent on behalf of the principal.

Article 60 of  
Prerequisite Clauses  
Article 61 of Guidelines  
for Articles of  
Association

**Article 73** A letter of proxy for voting shall be received and kept at the Company's premises or at another place designated in the notice of the meeting at least twenty-four (24) hours prior to commencement of the relevant meeting or before the designated time of voting. If a letter of proxy is signed by another party as authorised by the principal, a power of attorney to sign the letter of proxy or other document of authorisation shall be subject to notarisation. The notarised power of attorney or other authorisation document shall be kept with the letter of proxy at the Company's premises or other place as stipulated in the notice of meeting.

Article 61 of  
Prerequisite Clauses  
Article 63 of Guidelines  
for Articles of  
Association

If the principal is a corporation, its legal representative or person authorised by its board of directors or other decision-making department shall be the representative to attend general meeting of shareholder of the Company.

The Company has the right to request for identify documents from the proxy when attending the general meeting on behalf of shareholders.

If a proxy is appointed by a corporation shareholder(except for clearing house or its proxy), the Company has the right to request the proxy to provide his identification document and a copy of resolutions or a copy of authorization from the board of directors of the corporation shareholder or other authority.

**Article 74** Any format of a letter of proxy issued by the board of directors used in appointing an agent on behalf of a shareholder shall allow the shareholder to freely choose to instruct that agent as to whether to make an affirmative or negative vote and to give instructions respectively on matters to be decided by vote at the meeting. A letter of proxy shall include a note that if a shareholder does not give instructions, the agent may vote according to his/her judgment.

Article 62 of  
Prerequisite Clauses

**Article 75** When the principal dies before voting, loses the capacity to act, withdraws a letter of proxy, withdraw the power of attorney to sign a letter of proxy or if the relevant shares have been assigned, and if the Company has not received written notice concerning this matter prior to commencement of the relevant meeting, a vote made by the shareholder's agent according to the letter of proxy shall remain valid.

Article 63 of  
Prerequisite Clauses

**Article 76** When a shareholder's meeting is held, all the directors, supervisors and secretary of the board of directors should attend the meeting. The managers and other senior management personnel without cogent reasons should be present at the meeting.

Article 66 of Guidelines  
for Articles of  
Association

**Article 77** The conductor of the meeting should, before voting, announce the number of shareholders and their proxies as well as their shares held with voting rights. The number of shareholders and their proxies as well as their shares held with voting rights, are in accordance with those registered at the meeting.

Article 71 of Guidelines  
for Articles of  
Association

**Article 78** Resolutions of general meeting of shareholders shall be divided into ordinary and special resolutions.

Article 64 of  
Prerequisite Clauses  
Article 75 of Guidelines  
for Articles of  
Association

An ordinary resolution at a general meeting shall require the approval of more than half of the shareholders that have voting rights (including their agents) who are present at the meeting in order to be valid.

A special resolution at a general meeting shall require the approval of more than two-thirds of the shareholders that have voting rights (including their agents) who are present at the meeting in order to be valid.

**Article 79** When voting at a general meeting, a shareholder (including the agent of a shareholder) shall exercise voting rights according to the number of shares held. Each share held shall represent the equivalent of one voting right.

Article 65 of  
Prerequisite Clauses  
Article 78 of Guidelines  
for Articles of  
Association

Shares held by the Company have no voting rights. This portion of shares is not considered part of the total number of shares with voting rights and attending the shareholder's meetings.

When approving the connected parties transactions at the general meeting, the connected shareholders shall abstain from voting and the number of shares of voting right of it shall not be counted as a valid resolutions in the aggregate number of valid resolutions.

Section 14 of Appendix 3 of the Main Board Listing Rules

That, where any shareholder is, under applicable law and regulations and the exchange listing rules of the place of exchange that the shares of the Company is listing, required to abstain from voting on any particular resolution or restricted to voting only for (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 80** The shareholder's meeting shall vote by show of hands unless the applicable listing rules of the stock exchange or other security laws and regulations require otherwise, or unless the following persons requested for voting by poll (before or after the voting by show of hands):

Article 66 of Prerequisite Clauses

- (1) the chairman of the meeting;
- (2) at least two shareholders with voting rights or their proxies; or
- (3) one or several shareholders (including proxies) holding in aggregate of or separately 10% or more of the shares carrying the right to vote at the meeting.

Unless somebody proposes voting by ballot, the chairman of the meeting shall declare whether the proposal has been adopted according to the results of the vote by raising hand, and shall record the same in the minutes of the meeting, which shall serve as final evidence without having to state the number or proportion of the votes for or against resolution adopted at the meeting.

The demand for a vote by ballot may be withdrawn by the person who made it.

**Article 81** If it has been requested that a decision to elect the chairman of the meeting or to stop the meeting be made through a poll, the poll shall be promptly conducted. In relation to other matters to be decided by poll as requested, the chairman shall decide when the poll shall be conducted. The meeting may then be continued and other matters discussed. The results of the vote shall be regarded as a resolution passed by the meeting.

Article 67 of Prerequisite Clauses

**Article 82** When voting by poll, a shareholder (including the agent of a shareholder) with two (2) or more voting rights need not cast all of their voting rights as affirmative or negative votes.

Article 68 of Prerequisite Clauses

**Article 83** When electing directors at the general meeting, if there are more than two candidates, each share that is holding by the shareholder, including proxy of shareholder shall carry the same voting right as to the number of candidates which can be either consolidate in voting for one candidate or separate in voting for several candidates, however the allocation of voting right should be stated.

Section 106 of Company Law

**Article 84** Should there be a tie between negative and affirmative votes on a matter, the chairman of the meeting shall have the casting vote whether or not it is a vote by show of hands or by poll.

Article 69 of Prerequisite Clauses

- Article 85** Ordinary resolutions shall be proposed on the following matters at a general meeting: Article 70 of Prerequisite Clauses
- (1) reports of the board of directors and supervisory committee;
  - (2) profit distribution plan and loss recovery plan prepared by the board of directors;
  - (3) appointment and dismissal of members of the board of directors and shareholders representative supervisor and their remuneration and payment methods;
  - (4) the Company's annual budget and financial accounting reports, balance sheets, profit and loss statements and other financial statements;
  - (5) the Company's annual report; and
  - (6) matters other than those on which special resolutions shall be proposed as stipulated in laws, statutory regulations, listing rules of the stock exchange where the Company lists or the Articles of Association.
- Article 76 of Guidelines for Articles of Association
- Article 86** Special resolutions shall be proposed on the following matters at a general meeting: Article 71 of Prerequisite Clauses Article 77 of Guidelines for Articles of Association
- (1) company share capital expansion, reduction and repurchase, and the issue of any types of share, share certificate subscription and other similar securities;
  - (2) the issue of corporate bonds;
  - (3) company demerger, merger, dissolution and liquidation or changing the form of the Company;
  - (4) amendments to the Articles of Association;
  - (5) any acquisition or disposal after the value of the acquisition or disposal of material assets for the last one year reaches 30% or more of the latest audited total assets;
  - (6) share incentive plans; and
  - (7) other matters which are deemed by the general meeting to have a material impact on the Company and where it is passed by ordinary resolution at the general meeting that the matter shall be resolved by special resolution.
- Article 87** Shareholders or the supervisory committee who request the convening of an extraordinary general meeting or a class meeting of shareholders shall do so in accordance with the following procedures: Article 72 of Prerequisite Clauses Article 48 of Guidelines for Articles of Association
- (1) Two (2) or more shareholders individually or together holding more than 10% (including 10%) of shares with voting rights at the meeting to be convened may sign one or several written requests in the same format and with the same contents to the board of directors to convene an extraordinary general meeting or class meeting of shareholders and which shall also specify the meeting's agenda. After receiving the aforesaid written request, the board of directors shall promptly convene an extraordinary general meeting or class meeting of shareholders of shareholders. The aforesaid number of shares held by shareholders shall be calculated as at the date of the written request, proof of shareholding document in written shall be provided by the shareholder who proposed such request.
- If the board of directors agrees to convene the extraordinary shareholders' meeting, it will issue a notice of shareholders' meeting within 5 days of the decision of the board of directors. If there are changes to the original request in the notice, they should be agreed by the relevant shareholders.
- (2) If the board of directors fails to issue notification convening a meeting within thirty (30) days after receiving the aforesaid written request, the shareholders who raised the request may convene the meeting within four (4) months after the board of directors received that request. The procedures for convening such a meeting shall be, as much as possible, the same as the procedures for convening a general meeting by the board of directors.



(3) If the board of directors does not agree to convene the extraordinary shareholders' meeting, or does not reply within 10 days of receipt of the suggestion, shareholders individually or together holding more than 10% of the Company are authorised to request to the supervisory committee to hold an extraordinary shareholders' meeting, and should be presented to the supervisory committee in writing.

If the supervisory committee agrees to convene the extraordinary shareholders' meeting, it will issue a notice of shareholders' meeting within 5 days of the decision of the supervisory committee. If there are changes to the original request in the notice, they should be agreed by the relevant shareholders.

(4) If the supervisory committee does not issue the notice of shareholders' meeting within the prescribed period, this is treated as the supervisory board not convening and not holding the shareholders' meeting. Then shareholders individually or together holding more than 10% of the shares for more than 90 days can convene and hold the meeting by themselves.

In the case of shareholders organising the convening of a meeting as a result of the failure of the board of directors to convene a meeting as requested above, reasonable expenses incurred on the meeting shall be borne by the Company and shall be deducted from the bank funds of those directors who were negligent in the performance of their duties.

Except for matters involving the Company's trade secret, directors, supervisors, and senior management personnel should explain with respect to questions and suggestions from shareholders at the shareholder's meeting.

Article 70 of Guidelines for Articles of Association

**Article 88** A general meeting shall be convened by the chairman of the board of directors who shall be the chairman of the meeting. If the board chairman is unable to attend the meeting, the vice-chairman of the board of directors shall convene the meeting and shall be the chairman of the meeting. If, for some reasons, both the chairman and the vice-chairman are unable to attend the meeting, the board of directors may designate a director of the Company to convene the meeting and to chair the meeting on its behalf. If no chairman of the meeting is designated, shareholders at the meeting may elect a chairman. In a case where shareholders are unable, for any reason, to elect a chairman of the meeting, that a shareholder who holds the majority number of shares with voting rights shall be the chairman of the meeting (including an agent of a shareholder).

Article 73 of Prerequisite Clauses

**Article 89** The chairman of a meeting shall be responsible for making decisions whether a resolution should be passed at the meeting. Decisions made shall be final and shall be declared at the meeting and recorded in the minutes of the meeting.

Article 74 of Prerequisite Clauses

**Article 90** If the chairman of a meeting has any doubts as to the results of a resolution proposed at a meeting, the chairman may count the number of the votes; if the chairman of the meeting has not tallied the votes and a shareholder or an agent of a shareholder attending the meeting objects to a result declared by the chairman of the meeting, the shareholder or agent shall have the right to request a re-count of votes followed by an immediate declaration; the chairman of the meeting shall promptly count the votes.

Article 75 of Prerequisite Clauses  
Article 90 of Guidelines for Articles of Association

**Article 91** If counting of votes is held at a shareholder's general meeting, the result of vote counting at the general meeting shall be recorded in the minutes of the meeting.

Article 76 of Prerequisite Clauses

The minutes of the meeting should be kept together with the signature book of shareholders attending the meeting, authorization letters of proxies in the Company's domicile. The aforementioned minutes, signature book and letters of proxies shall be kept for not less than 10 years.

Article 73 of Guidelines for Articles of Association

**Article 92** A shareholder may consult the copy of the minutes of a general meeting free of charge during Company business hours. If a shareholder asks for a copy of the minutes of a general meeting from the Company, the Company shall send a copy to that shareholder within seven (7) days after receipt of a reasonable fee.

Article 77 of Prerequisite Clauses  
Article 33 of Guidelines for Articles of Association

## Chapter 9 Special Voting Procedures for Shareholders of Different Classes

**Article 93** Shareholders holding different classes of shares shall be regarded as different classes of shareholders.

Article 78 of  
Prerequisite Clauses

The various classes of shareholders shall enjoy rights and assume obligations in accordance with laws, statutory regulations and the Articles of Association.

That, where the capital of the Company includes shares which do not carry voting rights, the words “non-voting” must appear in the designation of such shares.

Section 10 of Appendix  
3 of the Main Board  
Listing Rules

That, where the equity capital includes shares with different voting rights, the designation of each class of shares (other than those with the most favourable voting rights), must include the words “restricted voting” or “limited voting”.

**Article 94** If a Company intends to change or abolish the rights of a class of shareholder, this shall be passed by a special resolution proposed at a general meeting and at a class meeting according to the provisions of Articles 96 to 100 respectively.

Article 79 of  
Prerequisite Clauses

**Article 95** The following circumstances shall be deemed to be a variation or abrogation of the class rights of a class::

Article 80 of  
Prerequisite Clauses

(1) to increase or decrease the number of shares of such class, or increase or decrease the number of shares of a class having voting or distribution rights or other privileges equal or superior to the shares of such class;

(2) to effect an exchange of all or part of the shares of such class into those of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;

(3) to remove or reduce rights to accrued dividends or rights to cumulative dividends of such class;

(4) to reduce or remove a dividend preference or a liquidation preference attached to shares of such class;

(5) to add, remove or reduce conversion, options, voting, transfer or pre-emptive rights or rights to acquire securities of the Company of such class;

(6) to remove or reduce rights of such class of shares to receive payments from the Company in any particular currency;

(7) to create a new class of shares having voting or distribution rights or privileges equal or superior to the shares of such class;

(8) to restrict the transfer or ownership of the shares of such class or to increase any such restrictions;

(9) to issue rights to subscribe for, or convert into, shares in the Company of such class or another class;

(10) to increase the rights or privileges of another class;

(11) to restructure the Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate burden of such restructuring; and

(12) to vary or abrogate the provisions in these Articles of Association.

**Article 96** Regardless of whether an affected class of shareholders originally has voting rights or not, concerned shareholders shall have voting rights at a class meeting on those matters mentioned in items (2) to (8) and items (11) and (12) of Article 95; however, if a shareholder is an interested party, he/she shall not have voting rights at a class meeting.

Article 81 of  
Prerequisite Clauses

The aforesaid interested shareholder shall include the following meanings:

(1) In circumstances where, pursuant to the provisions of Article 31, a Company issues a buy back offer to all shareholders or buys back its own shares through open transactions at the stock exchange, “an interested shareholder” shall refer to a controlling shareholder as in Article 59 of these Article of Association;

(2) In circumstances whereby a Company, pursuant to the provisions of Article 31 of the Articles of Association, buys back its own shares through means of an agreement outside of the stock exchange, “an interested shareholder” shall refer to a shareholder related to such an agreement;

(3) Where a Company is undergoing restructuring, “an interested shareholder” shall refer to a shareholder who assumes liability less than the proportion assumed by shareholders of the same class or who has interests different to other shareholders in the same class.

**Article 97** A resolution at a class meeting may be proposed only after obtaining approval of more than two-thirds of shareholders with voting rights present at the meeting, in accordance with the provisions of Article 96 of the Articles of Association.

Article 82 of  
Prerequisite Clauses

**Article 98** When convening a class meeting, the Company shall issue a written notice forty-five (45) days (including the date of the meeting) in advance of the meeting to notify that class of registered shareholders of those matters to be discussed at the meeting and of the date and location of the meeting. A shareholder who intends to attend the meeting shall send a written reply to the Company twenty (20) days before the commencement of the meeting.

Article 83 of  
Prerequisite Clauses

If the number of shares with voting rights represented by shareholders intending to attend the meeting is more than half of the total number of the said class of shares with voting rights, the Company may convene the class meeting. If not, the Company shall, within five (5) days, make further notice on those matters to be discussed at the meeting and the date and location of the meeting, to shareholders through a public announcement. After this public announcement is made, the Company may convene a class meeting.

Section 6 (2) of  
Appendix 3 of the Main  
Board Listing Rules

**Article 99** The notice of a class meeting shall only be to those shareholders who have the right to vote at the meeting.

Article 84 of  
Prerequisite Clauses

The procedures to be followed at a class meeting shall be, as far as possible, the same as the procedures to be followed at a general meeting of shareholders. The articles in the Articles of Association dealing with the procedures to be followed at a general meeting of shareholders shall apply to a class meeting.

**Article 100** Apart from shareholders with other classes of shares, holders of domestic shares and holders of Foreign Invested Shares Listed Overseas shall be recognised as different classes of shareholder.

Article 85 of  
Prerequisite Clauses

The special procedures for voting by a class of shareholders shall not be applied in the following circumstances:

Section 1 (f) of  
Appendix 13D of the  
Main Board Listing  
Rules

(1) Subject to approval by a special resolution of general meeting of shareholders, the Company issues Domestic Shares and/or Foreign Invested Shares Listed Overseas independently or simultaneously once every twelve (12) months, and each of the number of Domestic Shares and Foreign Invested Shares Listed Overseas to be issued does not exceed 20% of the shares of this class already issued;

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(2) The scheme for the issue of Domestic Shares and/ or Foreign Invested Shares Listed Overseas when establishing the Company has been fulfilled within fifteen (15) months from the date of approval from the China Securities Regulatory Commission; or

(3) Subject to the approval by the securities authority of the State of Council, holders of domestic shares of the Company may transferred their shares to foreign investors and such shares may be listed or traded on an overseas stock exchange.

## Chapter10 The Board of Directors

### Section 1 Directors

**Article 101** The Company shall have a Board of Directors. The Board of Directors shall consist of 11 Directors, of which four shall be independent non-executivedirectors. The Board of Directors shall have one Chairman and two Vice Chairmen.

Article 86 of  
Prerequisite Clauses

**Article 102** Directors shall be elected by a general meeting. The term of appointment of a director shall be 3 years. If the term of appointment of a director expires and he/she may be reappointed for consecutive terms.

Article 87 of  
Prerequisite Clauses  
Article 111 of  
Guidelines for  
Articles of  
Association

A director's term of office shall start on the date of taking the position and end on the expiration date of the director's term of office. If, upon the expiry of a director's term of office, a new director cannot be elected on a timely basis, before the re-elected director start his/her term of office, such director shall continue to perform his/her office in accordance with laws, statutory regulations and the Articles of Association.

A chairman and vice-chairman shall be elected or recalled by the board of directors which represents more than 50% of board of directors. The term of appointment of a chairman and vice-chairmans shall be 3 years and they may be reappointed for consecutive terms if re-elected.

Subject to the provisions of the relevant laws and administrative regulations, the general meeting shall have the power by ordinary resolution to remove any director before the expiration of his term of office, but without prejudice to any claim for damages under any contract.

Section 4(3) of  
Appendix 3 of the Main  
Board Listing Rules  
Supplementary  
Modification  
Letter No.4

A director shall not be required to hold the Company's shares.

**Article 103** That the minimum of length of the period, during which notice to the Company of the intention to propose a person for election as a director and during which notice to the Company by such person of his willingness to be elected may be given, will be at least 7 days, and that the period for lodgment of the notices aforementioned shall commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.

Supplementary  
Modification  
Letter No.4  
Section 4(4), (5) of  
Appendix 3 of the  
Main Board Listing  
Rules

**Article 104** A director can resign before the expiry of his term of service. When a director resigns, he should submit a written resignation report to the board of directors.

Article 100 of  
Guidelines for  
Articles of  
Association

If the members of the board of directors fall below the minimum legal requirement due to a director's resignation, the director's resignation shall take effect only after a newly elected director takes his position vacated due to the director's resignation. The remaining of the board of directors shall convene an extraordinary general meeting to elect a new director to take the position vacated due to the last director's resignation as soon as possible.

Except as specified in the preceding paragraphs, the director's resignation takes effect when his resignation report is delivered to the board of directors.

**Article 105** When a director's resignation takes effect or his term of service expires, his duty of keeping the Company's trade secret will not expire after the expiry of his term of service, until such secret has gone public.

Article 101 of Guidelines for Articles of Association

**Article 106** In the absence of a legal authorisation by these articles or by the board of directors, no director can use his personal capacity to represent the Company or the board of directors. When a director makes use of his personal capacity, but a third party reasonably thinks that the director is representing the Company or the board of directors, that director should declare his position and capacity in advance.

Article 102 of Guidelines for Articles of Association

**Article 107** When a director contravenes the law, administrative regulations or these Articles when carrying out his duties, causing losses to the Company, he should be responsible to compensate.

Article 103 of Guidelines for Articles of Association

**Article 108** When a director leaves his office before the expiry of his term of service, causing losses to the Company, he should be responsible to compensate.

If a director cannot personally attend two consecutive meetings, and does not appoint other directors to attend board of director's meeting, he is treated as not being able to carry out his duties, the board of directors should recommend to the shareholders' meeting to replace him.

Article 99 of Guidelines for Articles of Association

## Section 2 Independent Directors

**Article 109** The Company establishes a board of independent directors. Independent directors refer to those do not carry out non-director duties in the Company and the relationship with the Company and the controlling shareholders will not affect their independent and objective judgment as a director of the Company.

The term of office of independent directors is three years and may be reappointed for consecutive terms if re-elected, but the longest term of office shall be no more than nine years, except the relevant law, statutory regulations and listing rules of the stock exchange where the Company's stocks are listing stipulated otherwise.

Appendix 14A 4.3 of the Main Board Listing Rules

**Article 110** An independent director is required to have the following qualifications:

- (1) having the qualifications to hold the position of director in a listed company in accordance with laws, administrative regulations, listing rules of the stock exchange where the Company's stocks are listing and other relevant regulations;
- (2) being independent as required in listing rules of the stock exchange where the Company's stocks are listing;
- (3) having a basic knowledge of the operation of listed companies and being familiar with related laws, administrative regulations and rules;
- (4) having not less than five years' experience in the law or economics or other working experience required for performing the duties and responsibilities of an independent director; and
- (5) fulfill the other conditions specified in the Company's Articles of Association.

Article 2 of «Establishment of Independent Director Systems by Listed Companies Guiding Opinion»

**Article 111** In addition to the functions and powers granted to the directors under the «Company Law» and other relevant laws and regulations, listing rules of the stock exchange where the Company's stocks are listing and this Articles of Association, the following special functions and powers should also be granted:

Article 5 of «Establishment of Independent Director Systems by Listed Companies Guiding Opinion»

- (1) proposing the engagement or dismissal of an accounting firm to the board of directors;
- (2) proposing to the board of directors the convening of an extraordinary shareholders' general meeting;
- (3) proposing the convening of a meeting of the board of directors;

(4) subject to the consent from all the independent directors, to appoint external auditor or consultant to audit and consult specific matters of the Company, relevant cost shall be borne by the Company.

Except for item (4), independent directors should obtain the consent of at least half of all the independent directors before exercising the aforementioned functions and powers. If any of the aforementioned proposals was not accepted or any of the aforementioned functions and powers could not be exercised normally, the listed company should disclose the details thereof.

**Article 112** An independent director shall not be removed without cause before the expiration of his term. If an independent director is removed before the expiration of his term, the listed company should disclose the same as a matter for special disclosure.

If an independent director fails to attend in person three consecutive board meetings, the board of directors should request the shareholders' general meeting to replace him.

**Article 113** In relation to the system of independent directors, the relevant law, regulations and the relevant rules of the stock exchange where the stocks of the Company are listing shall be comply with if it is not regulated under this section.,

### Section 3 The Board of Directors

**Article 114** The board of directors shall be accountable to the general meeting and shall exercise the following function and powers:

- (1) responsible for convening general meeting and report to those meetings on work matters;
- (2) execution of resolutions passed by a general meeting;
- (3) determination of the Company's business plans and investment plan;
- (4) formulation of the Company's annual budget and financial accounting plan;
- (5) formulation of the Company's profit distribution and loss recovery plans;
- (6) formulation of expansion or reduction plans of the Company's registered capital and corporate bond issue plans;
- (7) formulation of the Company's corporate bond issue plans or other securities and the Company's listing plans;
- (8) drafting of plans on such matters as company merger, demerger, dissolution or changing of form;
- (9) determination of the internal administrative structure of the Company, determination of the incorporation or withdraw of subsidiaries or other affiliates of the Company;
- (10) election of chairman and vice chairman of the board of directors; deciding the employment or dismissal of the chief executive officer of the Company and his remuneration;
- (11) employment or dismissal of the Company secretary to the board of directors, and employment or dismissal of the chiefs of board of directors' special committees.
- (12) employment or dismissal of the Company's vice president, chief accountant, general engineer in accordance with the chief executive officer's nominations, and deciding their remuneration, reward and disciplinary matters;
- (13) formulation of the Company's general management system;
- (14) formulation of a plan for the amendment of the Articles of Association;
- (15) formulation of the Company's share incentive plans;
- (16) determination of the formulation of the board of directors' special committees;
- (17) managing the disclosure of information of the Company;
- (18) suggesting the board of directors on the hiring or replacement of the accounting firm as the Company's auditors;
- (19) receiving the regular or irregular working reports of the Company president or entrusted senior management, approving president's working report;

Article 4 of  
《Establishment of  
Independent Director  
Systems by Listed  
Companies Guiding  
Opinion

Article 88 of  
Prerequisite Clauses  
Article 105 of  
Guidelines for Articles  
of Association

Article 107 of  
Guidelines for Articles  
of Association

(20) Company's external guarantee matters without the scope authorised by the shareholders' meeting, as stipulated in this Articles of Association;

(21) within the scope authorised by the shareholders' meeting, to decide the Company's external investment, purchase and sale of assets, offering assets as guarantees, appointment to manage finance or to manage associated transactions;

(22) other powers as stipulated in laws, statutory regulations and the listing unless of the stock exchange where the Company lists, and being granted in general meeting, and the Articles of Association.

When the board of directors proposes resolutions on the aforesaid matters, apart from resolutions on matters in items (6), (7), (8) and (14) which must be approved by more than two-thirds majority of the directors, resolutions on other matters may be approved by more than half of directors. The board of directors shall exercise its powers in accordance with the State law, administrative regulation, this Articles of Association and resolutions of shareholders.

Article 108 of  
Guidelines for Articles  
of Association

The board of directors of the Company should explain at the general meeting in relation to qualified opinion on the audited financial statement as issued by the certified public accountant.

**Article 115** The board of directors establishes four specific committees, audit committee, remuneration and assessment committee, nomination committee, strategic and investment committee. Under the leadership of the board of directors, the committees which the composition of the members and the terms of reference is recommended by the board of directors, assist the board of directors to executive its function and power or provide strategic or consulting opinion to the board of directors for decision making.

**Article 116** The Company invests in other enterprises or provision of guarantee to other parties shall be approved by the resolution via the general meeting or board of directors' meeting as stipulated in the Articles of Association. The Company provide guarantee to the shareholder or controlling shareholder of the Company shall be approved by resolution via general meeting.

The shareholder of the provisions of the preceding paragraph or the shareholders that being dominated by the actual controlled person of the provisions of the preceding paragraph shall not participate in the voting on matters stipulated in the preceding paragraph. The vote shall be passed by the majority of other shareholders that attending the meeting

The Company shall establish a strict internal control system of external guaranty. All directors should be careful and strictly control of the external debt risk.

The external guarantees of the Company shall be taken by the counter party provided that the counter guarantee of risk prevention measures has been implemented. The Counter guarantee providers should have the practical ability of the counter guarantee.

Losses of the Company as caused by breach of any laws, regulations, rules and providing guaranty of the provisions of the Articles of Association, the responsible directors shall bear the joint and several liabilities.

**Article 117** The board of directors shall not, without the approval of shareholders in general meeting, dispose or agree to dispose of any fixed assets where the aggregate of the value of the consideration for the proposed disposal; and where any fixed assets have been disposed of in the period of four months immediately preceding the proposed disposal, the amount or value of the consideration of any such disposal, exceeds 33% of the value of the fixed assets as shown in the last audited balance sheet placed before the shareholders in general meeting.

Article 89 of  
Prerequisite Clauses

For the purpose of this provision, disposal of a fixed assets includes an act involving a transfer of an interest in property other than by way of security.

The validity of a transaction for the disposal of fixed assets shall not be affected if a breach of the above-mentioned restriction contained in the provisions of Clause 1 of this Article.

**Article 118** The chairman of the board of directors shall exercise the following powers of office:

Article 90 of  
Prerequisite Clauses  
Article 112 of  
Guidelines for Articles  
of Association

- (1) to preside over general meeting of shareholders and convene and preside over meetings of the board of directors;
- (2) to prompt and check the implementation of decisions of the board of directors and receiving relevant reports;
- (3) to supervise, develop and formulate varied operational regulations of the board of directors and coordinating the operation of the board of directors;
- (4) to sign off securities issued by the Company;
- (5) to sign off important documents of the board of directors;
- (6) on behalf of the Company to sign off any important external documents that is legal binding ;
- (7) other powers of office granted by the board of directors or stipulated in laws and regulations.

When the chairman of the board of directors is unable to exercise his/her powers of office, he/she shall appoint a vice chairman to act on his/her behalf.

**Article 119** The vice chairman assists the chairman of the board of directors. When the chairman cannot or does not carry out his duties, they will be carried out by the vice chairman (if the Company has two or more vice chairman, then these duties will be carried out by the vice chairman nominated by the majority of directors). If the vice chairman cannot or does not carry out his duties, a director will be nominated by the majority of directors to carry out the duties.

Article 113 of  
Guidelines for Articles  
of Association

**Article 120** The Meetings of the board of directors shall be held at least four times per annum and shall be convened by the chairman of the board of directors who shall notify all the directors 14 days before the date of such meetings is held.

Article 91 of  
Prerequisite Clauses  
Article 114, 115 of  
Guidelines for Articles  
of Association

An extraordinary meeting of the board of directors may be convened under any of the following circumstances:

- (1) when more than one-third (1/3) directors proposes;
- (2) when the supervisory committee proposes;
- (3) when more than half of the independent directors proposes;
- (4) when the chairman of the board of directors deems necessary;
- (5) when shareholders holding more than 10% (1/10) of voting rights proposes;
- (6) when two or more directors or chief executive officers propose in case of an emergency;

**Article 121** The form of a notice of meetings and extraordinary meetings of the board of directors shall be as follows: telephone, fax or electronic mail; The time limit for notification shall be: fourteen (14) days before the convention of meeting of the board of directors, there's no time limit for notification of the extraordinary meeting of the board of directors.

Article 92 of  
Prerequisite Clauses  
Article 116 of  
Guidelines for Articles  
of Association

The time and venue of meeting of board of directors can be determined by the board of directors and recorded in the minutes. No separate notice for convening the meeting of the board of directors shall be issued to the directors if the minutes has been sent to all directors at least ten (10) days in advance before the next meeting has been held.

In the case of a director has attended the meeting, and no dissent of having not received the notice has been raised before or at the meeting, the notice shall be deemed as received.

The meetings of the board of directors can be convened by the way of telephone conference or via communication facilities alike, provided that the aforesaid methods are able to ensure the communication among attending directors, such directors shall be deemed as attending in person.◦



**Article 122** Except for approving the connected transaction by the board of directors as stipulated in Article 124, a board of director's meeting shall be held provided that more than half of the directors attend.

Article 93 of  
Prerequisite Clauses  
Article 118 of  
Guidelines for Articles  
of Association

Each director shall have one voting right. Except for approving the connected transaction matters by the board of directors as stipulated in Article 124, resolutions of the board of directors must be passed by more than half of all the directors.

When the number of votes cast for and against a resolution is equal, the chairman shall have the right to cast an additional vote.

When a resolution is signed by the respective directors vote in favour which reaches the effective number of cast as stipulated by laws and regulations and the provisions of the Articles of Association, such resolution shall be considered and adopted as a legitimate meeting of board of directors has been held. Such resolution in writing may be composed of multiple copies of a document and signed by each director by way of one or more. For the purpose of this subsection, a document of resolution signed and or contained the director's name and is sent to the Company by mail, facsimile or delivered by hand, shall be deemed as a document signed by the director.

**Article 123** A director shall attend meetings of the board of directors in person. Where a director is unable to attend a board meeting due to special circumstances, he/she may entrust, in writing, another director to act as his/her representative at the meeting and the letter of proxy shall stipulate the scope of authority.

Article 94 of  
Prerequisite Clauses  
Article 121 of  
Guidelines for Articles  
of Association

The entrusted director shall exercise the right of the entrusting director within the designated scope of authority. If a director did not attend a certain meeting of the board of directors and failed to entrust another director as his/her representative at that meeting, this shall be regarded as a renunciation of his/her voting rights at that meeting.

**Article 124** In the event that a Director is connected to companies (it means that the Director acts as a Director or senior management of the counter party, or can exercise direct or indirect control over a legal person entity of the counter party, or acts as a Director or senior management in a legal person entity under direct or indirect control of the counter party) associated with matters to be resolved at the Board meeting, such Director shall not exercise his/her voting rights on such resolution, nor shall he/she votes on behalf of other Directors. The Board meeting may be convened with a majority of the independent Directors. Resolutions shall be approved by a majority of independent Directors at the Board meeting. When there is less than three independent Directors present at the Board meeting, such matters shall be submitted to the Shareholders' general meeting for consideration.

Article 119 of  
Guidelines for Articles  
of Association

**Article 125** Minutes of meetings of the board of directors shall be recorded on matters discussed at those meetings, the minutes shall be signed by the directors and secretary of the board of directors (minutes takers) present at the meeting. Minutes of board of director's meeting shall be kept for not less than 10 years. Directors shall assume responsibility for any resolution passed at the board meeting. If a resolution passed by the board of directors is in violation of the law, statutory regulations or the Articles of Association so as to result in the Company incurring serious losses, those directors who participated in making those resolutions shall bear liability for compensation towards the Company. However, if a director is able to prove his/her objection to that resolution, and such objection has been recorded in the minutes of the meeting, that director may be exempt from liability.

Article 95 of  
Prerequisite Clauses  
Article 122 of  
Guidelines for Articles  
of Association

Minutes of the meeting of board of directors shall include the following contents:

- (1) Date and location of meeting and name of conveynor;
- (2) Names of directors present at the meeting, as well as name of director (proxy) that accept a delegate to attend the meeting of board of directors;
- (3) Agenda of the meeting;
- (4) Script of directors;
- (5) Way of voting for each resolution matters and results (results should set forth the number of votes for or against, or abstained).

**Article 126** For the purpose of a resolution to be passed by an extraordinary meeting of board of directors, if the content of the propose resolutions in writing has been distributed (including facsimile and e-mail) by the board of directors to all directors and it is ensured that the directors can fully express their views and adopt resolutions via electronic means without convening the board of directors meeting, the resolutions shall be valid provided that the number of directors signed for the resolutions must reach the required number as stipulated in the provisions of Article 114.。

Article 120 of  
Guidelines for Articles  
of Association

**Article 127** Meeting of the board of directors shall be convened at the Company's legal address in principle, however other places in or outside PRC shall be allowed to convene the meeting if approved by the resolution of the board of directors.

**Article 128** Reasonable expenses incurred by the directors in relation to his attendance at the meeting of the board of directors shall be borne by the Company. Such expenses include travelling expenses from the place of the directors to the place holding the meeting (if the place to hold the meeting is not where the director is), and accommodation during the period of the meeting. Reimbursement such as local travelling expense shall also be borne by the Company.

## Chapter11 The Secretary of Board of Directors

**Article 129** The board of directors of the Company shall have a secretary. The secretary of the board of directors shall be the Company's senior officer and be responsible for the board of directors.

Article 96 of  
Prerequisite Clauses

**Article 130** The secretary of the board of directors shall be a natural person who has the requisite professional knowledge and experience and shall be appointed by the board of directors. The main duties of the secretary are:

Article 97 of  
Prerequisite Clauses

(1) responsible for the Company and the related parties to communicate and liaise with the stock exchange and the securities regulation authority. To ensure the Company has complied with, prepared and submitted the required report and document to the relevant authorities;

Guideline of Secretary  
of Board of Directors of  
Overseas Listed  
Company

(2) Responsible for processing the information disclosure of the Company, urge the Company to formulate and implement an information disclosure management system and an internal reporting system of major information, to ensure the Company and the related parties comply with disclosure obligations according to the law, and in accordance with the relevant provisions to prepare for the regular and interim report of disclosure to the stock exchange;

(3) coordinate the relationship between the Company and the investors, interview the visitors' visit, answer investors' enquiries, provide the disclosure information of the Company to the investors;

(4) arrange for the general meeting of shareholders and meeting of board of directors in accordance with the stipulated procedures, prepare and submit for the relevant minutes and information;

(5) attend meeting of board of directors, sign and prepare for the minutes;

(6) responsible for the disclosure of the confidential information of the Company, develop security measures, to ensure the directors, supervisors, the chief executives officers and other senior management, and the related personnel to kept secret before disclosure, and remedial measures to be taken in a timely manner when the inside information leakage, and reported to the stock exchange;

(7) responsible for the custody of the Company's register of shareholders and directors, and the information of the shares of the Company holding by the controlling shareholders and directors, supervisors, the chief executive officer and other senior management officers, and the documents and minutes of the general meeting of shareholders and the board of directors meeting, to ensure the Company has a complete record of the organization and, to ensure the relevant record and documents be provided to the person that has the right of access to the Company records and documents in time;

(8) assist the directors, supervisors, and the chief executives officers and other senior management, to understand the relevant laws, statutes, regulations, other requirements of the listing rules of the stock exchange and the Articles of Association of the Company in relation to disclosure of information and the contents on its legal responsibilities in the listing agreement;

(9) to ensure the board of directors exercise their function and powers in comply with law. To remind the participating directors and drew attention to the supervisors attended meeting to express their views when the propose resolution of the board of directors may violation legal, statutes, regulations, listing rules of the stock and the other provisions or the Articles of Association of the Company,; if the board of directors insist to make the above resolutions, the secretary of the board of directors record the relevant supervisors and individual's view in the minutes and report it to the stock exchange;

(10) any other responsibilities as stipulated in the law, statutes, regulations, listing rules of the stock exchange and other requirements and the provisions of the Articles of Association of the Company;

**Article 131** A director or other senior management of the Company may hold the post of secretary of the board of directors concurrently. An accountant of the accounting firm engaged by the Company shall not be permitted to hold the post of secretary of the board of directors concurrently. Article 98 of Prerequisite Clauses

Where the post of secretary of the board of directors is concurrently held by a director and if a certain action requires separate conduct by the director and the secretary of the board of directors, that director holding the post of secretary shall not be permitted to act with dual capacity.

## Chapter 12 Chief Executive Officer of the Company

**Article 132** The Company shall have one chief executive officer, several vice presidents who assist the chief executive officer with his work; one chief accountant; one general engineer. The chief executive officer, vice presidents, chief accountant and general engineer shall be appointed and removed by the board of directors. Article 99 of Prerequisite Clauses Article 124 of Guidelines for Articles of Association

The chief executive officer and other senior management's term of appointment are three (3) years. They can be reappointed for consecutive terms. Article 127 of Guidelines for Articles of Association

**Article 133** The chief executive officer shall be accountable to the board of directors and exercise the following functions and powers: Article 100 of Prerequisite Clauses Article 128 of Guidelines for Articles of Association

- (1) to be in charge of the management of the Company's production and operations and to organize the implementation of resolutions passed by the board of directors and report to the board of directors;
- (2) to organize the implementation of the Company's annual business plan, investment plan and financing plan;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft plans for the establishment of the Company's branches and sub-branches;
- (5) to draft the Company's basic management system;
- (6) to formulate detailed rules and regulations of the Company;
- (7) to propose the appointment and dismissal of the Company's vice president, chief accountant and general engineer, and to make recommendation on their remunerations;
- (8) to appoint or dismiss management personnel other than those appointed and dismissed by the board of directors;
- (9) other powers of office stipulated in the Articles of Association or authorised by the board of directors.

**Article 134** The chief executive officer shall attend the meetings of the board of directors; if the chief executive officer is not a director, he/she shall have no voting rights at meetings of the board of directors. Article 101 of Prerequisite Clauses

**Article 135** The chief executive officer of the Company shall report the status of signing and fulfillment of material contracts and application of funds to the board of directors or the supervisory committee according to the requirements of the board of directors and the supervisory committee. The chief executive officer shall ensure the authenticity of the report.

When the chief executive officers of the Company proposes for employee wages, benefits, safety, insurance, dismissal (or dismiss) employees which triggers the interest of employee, should listen to the views of the trade unions and the trade union congress of the company in advance.

**Article 136** The chief executive officer shall lay down his detailed working regulations, to be implemented after approval by the board of directors. Article 129, 130 of Guidelines for Articles of Association

**Article 137** When exercising powers of office, the chief executive officer shall comply with laws, statutory regulations and the Articles of Association and shall assume obligations of sincerity and diligence towards the Company. Article 102 of Prerequisite Clauses

### Chapter 13 Supervisory Committee

**Article 138** The Company shall establish a supervisory committee. Article 103 of Prerequisite Clauses

**Article 139** The supervisory committee shall comprise six (6) supervisors, of which two (2) are external supervisors, two (2) are staff representative supervisors and two (2) are independent supervisors. A supervisor's term of appointment is three (3) years. They can be reappointed for consecutive terms. Article 104 of Prerequisite Clauses Section 1 (d) (i) of Appendix 13D of the Main Board Listing Rules Supplementary Modification Letter No. 5

The supervisory committee shall have one chairman. The chairman of the supervisory committee are appointed and removed on election by more than two-thirds (including two-thirds) of supervisors.

**Article 140** The shareholders' representatives shall be elected and removed by the shareholders' general meeting, and the representatives of the Company's staff and shall be democratically elected and removed by the Company's staff and workers. The number of representatives of the Company's staff and workers shall be no less than one-third of the number of all supervisors. Article 105 of Prerequisite Clauses Section 52 of Company Law

**Article 141** A director, chief executive officer or other senior management of the Company shall be prohibited from concurrently holding the position of supervisor.

Article 106 of Prerequisite Clauses  
Article 135 of Guidelines for Articles of Association

**Article 142** Meetings of the supervisory committee shall be convened at least twice a year, once every six months by the chairman of the supervisory committee. Supervisors may propose to convene interim meeting of the supervisory committee. If the chairman of the supervisory committee is unable to perform his duty, or failed to perform his duty, a supervisor elected by more than half of the supervisors shall convene or preside over the meeting of supervisory committee.

Article 107 of Prerequisite Clauses  
Article 145 of Guidelines for Articles of Association  
Section 52 of Company Law

**Article 143** The supervisory committee shall be accountable to the general meeting of shareholders and shall exercise the following function and powers in accordance with law:

Article 108 of Prerequisite Clauses  
Article 144 of Guidelines for Articles of Association

- (1) to examine the Company's financial affairs;
- (2) to supervise conducts of the Company's directors, chief executive officer and senior management during the performance of their duties, and shall make recommendations for removal of directors and senior management for any violation of the law, statutory regulations, the Articles of Association or resolutions of the General Meeting.
- (3) to request the Company's directors, chief executive officer and other senior management to rectify the situation if their acts are harmful to the interests of the Company;
- (4) to inspect financial information such as financial reports, business reports, profit distribution plans and other financial documents to be submitted to general meeting of shareholders by the board of directors and, in case of doubt, professionals such as registered accountants and certified auditors may be hired to provide assistance in the name of the Company;
- (5) suggest to convene an extraordinary general meeting, to convene and preside over general meetings when the Board fails to perform its duties in convening and presiding over general meetings in accordance with this Articles of Association;
- (6) to make proposals to the general meetings;
- (7) to propose to convene interim meetings of the board of directors;
- (8) to elect chairman of the supervisory committee;
- (9) to institute a suit to the directors or senior officers of the Company in accordance with the «Company Law» ;
- (10) other powers of office as stipulated in laws, statutory regulations and the Articles of Association.

Supervisors shall attend meetings of the board of directors and to propose questions or suggestions on resolution matters discussed on board of directors.

**Article 144** In justified cases, supervisors have the right to request the chairman of the supervisory committee to convene an interim meeting of supervisory committee. A notice which including date, location, meeting agenda and date of notice issued shall be sent by telephone or facsimile ten (10) days in advance to all the supervisors everytime when supervisor committee meeting is to be held.

Article 109 of Prerequisite Clauses  
Supplementary Modification Letter No. 6  
Section 1 (d) (ii) of Appendix 13D of the Main Board Listing Rules

A meeting of the supervisory committee shall require more than two-third (including 2/3) of supervisors to be present in order to be convened. Supervisory committee meeting is voting by ballot, each supervisor has one vote. The supervisory committee meeting should be attended by the supervisor himself. Supervisors for any reason unable to attend, other supervisors may be delegated in writing to attend the meeting of supervisory committee which the letter of proxy shall set forth the authorized range.

Resolutions of regular meeting or interim meeting of the supervisory committee are resolutions of the supervisory committee and shall be passed by more than two-third (including 2/3) of supervisors.

**Article 145** The supervisory committee should prepare minutes of meeting on decisions of matters discussed. A supervisor is entitled to request the addition to the minutes of some explanatory record concerning his speech made during the meeting. Supervisors attending the meeting should sign on the minutes. Minutes of the supervisory committee meeting, as a company file, shall be kept by the secretary of the board of directors for 10 years.

Article 147 of  
Guidelines for Articles  
of Association

**Article 146** Supervisory committee implement recording system on execution of resolutions of supervisory committee. The resolutions of supervisory committee shall be executive and supervised by designated supervisors. The designated supervisor should record and report result of the execution to supervisor to the supervisory committee

**Article 147** When exercising its powers of office, a supervisory committee needs to employ a lawyer, certified public accountant, certified practising auditor or other professional, reasonable fees incurred in so doing shall be borne by the Company.

Article 110 of  
Prerequisite Clauses

Reasonable fees incurred in attending to a supervisory committee for a supervisor, including transportation cost from the supervisor to where the meeting is held (if the place to hold the meeting is not where the supervisor is), accommodations during the meeting, rental of the meeting place, local transportation, etc., shall be borne by the Company.

Section 57 of Company  
Law

**Article 148** A supervisor shall faithfully perform his/her duties of supervision in accordance with the law, statutory regulations and the Articles of Association.

Article 111 of  
Prerequisite Clauses

## **Chapter14 Qualifications and Obligations of Directors, Supervisors, Chief Executive Officers and Other Senior Management**

**Article 149** A person may not hold the position of director, supervisor, chief executive officer or other senior management in any of the following circumstances:

Article 112 of  
Prerequisite Clauses  
Article 95 of Guidelines  
for Articles of  
Association

- (1) the person has no civil capacity or has restricted civil capacity;
- (2) persons who have committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the social economic order, and have been penalized due to the above offences, where less than five years have elapsed since the date of the completion of implementation of the penalty or persons who have committed crimes and have been deprived of their political rights due to such crimes, where less than five years have elapsed since the date of the completion of the implementation of such deprivation;
- (3) persons who were former directors, factory chiefs or managers of a company or enterprise which has become insolvent and has been liquidated and were personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (4) persons who were legal representatives of a company or enterprise which had its business license revoked due to a violation of the law and were ordered to close down, where less than three years have elapsed since the date of the Company or enterprise, since the date of the business license was revoked;
- (5) persons, who have failed to pay a relatively large debt when due and outstanding on time;
- (6) the person has been involved in illegal activities which are subject to investigation by the judicial authorities and the case has yet to be settled;
- (7) provisions of laws and statutory regulations stipulate that the person is not permitted to assume the position of leader of an enterprise;
- (8) the person is not a natural person;
- (9) a person of less than five years has elapsed since the date the person was found to be in violation of the provisions of relevant securities regulations and was involved in deceitful or dishonest activities as ruled by the competent authority.
- (10) other circumstances stipulated in provisions of laws and statutory regulations of the place where the Company's shares are listing.

**Article 150** The validity of actions of the director, chief executive officer and other senior management when acting as representatives of the Company on bona fide third parties shall not be affected as a result of those representatives not conforming to the rules pertaining to the holding of their posts, their election or qualifications.

Article 113 of  
Prerequisite Clauses

**Article 151** Apart from obligations as stipulated in laws, statutory regulations or the listing rules of stock exchanges where the Company's shares are listing, a director, supervisor, chief executive officer, and other senior management shall, in addition, when exercising his/her powers of office as stipulated by the Company, assume the following obligations towards the shareholders;

Article 114 of  
Prerequisite Clauses

(1) shall not allow the Company to exceed the scope of its business operations as stipulated in its business licence;

(2) shall sincerely take the best interests of the Company as fundamental when conducting business activities;

(3) shall not be permitted to expropriate the Company's property using any means, including (but not limited to) when this involves opportunities beneficial to the Company;

(4) shall not infringe upon the individual rights and interests of shareholders, including (but not limited to) distribution rights and voting rights, however, this shall not include the situation where a company restructure is proposed for adoption by the general meeting of shareholders in accordance with the Articles of Association.

**Article 152** Directors, supervisors, chief executive officers and other senior management of the Company shall all have responsibility, when exercising their rights and performing their obligations, to adopt the prudence, diligence and skill which would be displayed by a reasonably prudent person in similar circumstances.

Article 115 of  
Prerequisite Clauses  
Article 98 of Guidelines  
for Articles of  
Association

**Article 153** When performing their duties, directors, supervisors, chief executive officers and other senior management of the Company must abide by the principle of sincerity and shall not place themselves in unfavourable situations in which their interests may conflict with their obligations. This principle shall include (but not limited to) performing the following obligations:

Article 116 of  
Prerequisite Clauses  
Article 97 of Guidelines  
for Articles of  
Association

(1) to sincerely take the best interests of the Company as fundamental in their actions;

(2) to exercise authority within their powers of office and not exceed that power of authority;

(3) to personally exercise the authorised right to handle matters according to one's own judgement and not to be manipulated by others; the right to handle matters according to one's own judgement shall not be passed on to others without the authority of laws and statutory regulations or without the informed consent of the shareholders at general meeting;

(4) to treat the same classes of shareholders equally and to treat different classes of shareholders fairly;

(5) the entering into contracts, deals or arrangements with the Company unless it is stipulated otherwise in the Articles of Association or without the informed approval by the shareholders at general meeting shall be prohibited;

(6) the use of the Company's property to seek personal interests through any means without the informed consent by the shareholders at general meeting shall be prohibited;

(7) the use of powers of office to receive bribes or other illicit interests and the seizure and embezzlement of the Company's property through any means, including (but not limited to) opportunities which are beneficial to the Company shall be prohibited;

(8) the receiving of commissions from Company transactions without the informed consent of the shareholders at general meeting shall be prohibited;

(9) to honour the Articles of Association, to faithfully perform one's duties and to safeguard the Company's interests, and it shall be prohibited to use the position and powers of office to seek personal interests;

(10) without the informed consent of the shareholders at general meeting, it shall be prohibited to engage in any activities which are in competition with the Company; should not use the associated damage the relationship between the company's interests;

(11) it shall be prohibited to embezzle Company funds or to lend company funds to others, and it shall be prohibited to use company funds to open bank accounts in one's own name or using another's name or to use company assets to provide guarantees for debts of shareholders of the Company or other persons; and

(12) without the informed consent of the shareholders at general meeting, it shall be prohibited to disclose confidential information concerning the Company which became known in the course of holding the position; unless it is in the Company's interests, such information shall not be used. However, such information may be disclosed to the court or other competent government authorities in the following circumstances:

- (a) where it is so required in the law;
- (b) where the public interest so requires;
- (c) where the interests of such a director, supervisor, chief executive officer or other senior management themselves so require.

**Article 154** A director, supervisor, chief executive officer and other senior management shall not be permitted to incite the following persons or organisations ("related parties") to do things which the director, supervisor, chief executive officer, deputy general manager and other senior management cannot perform:

Article 117 of  
Prerequisite Clauses

- (1) the spouse or under age children of the director, supervisor, chief executive officer and other senior management;
- (2) the trustee of that director, supervisor, chief executive officer and other senior management or trustees of those persons mentioned in item (1) of this Article;
- (3) the partner(s) of that director, supervisor, chief executive officer and other senior management or associates of those mentioned in item (1) or (2) of this Article;
- (4) the Company, where it is in reality independently controlled by that director, supervisor, chief executive officer and other senior management or, in reality, jointly controlled by personnel as mentioned in items (1), (2) or (3) of this Article, or jointly controlled with another director, supervisor, chief executive officer and other senior management of the Company; and
- (5) the directors, supervisors, chief executive officers and other senior management of that controlled Company as mentioned in item (4) of this Article.

**Article 155** The obligations assumed in good faith by a director, supervisor, chief executive officer or other senior management are not necessarily terminated at the conclusion of his/her post and the obligations of maintaining confidential information concerning the Company's business shall remain valid after the conclusion of his/her post. The periods of validity for other obligations shall be determined in accordance with the principle of fairness and shall depend on the length of time intervening between the occurrence of an event and the time of vacating the post and on the circumstances under which that director, supervisor, chief executive officer and other senior management ended his/her relationship with the Company.

Article 118 of  
Prerequisite Clauses

**Article 156** The responsibility borne by a director, supervisor, chief executive officer and other senior management due to violation of a specific obligation may be relieved by an informed meeting of shareholders except in those circumstances stipulated in Article 58 of the Articles of Association.

Article 119 of  
Prerequisite Clauses

**Article 157** When a Company director, supervisor, chief executive officer or other senior management personnel has significant direct or indirect interests in a contract, deal or arrangement concluded by or intended to be conducted by the Company (apart from engagement contracts concluded between the Company and director, supervisor, chief executive officer or other senior management), regardless of whether the matter is required to be approved by the board of directors under normal circumstances, the nature and degree of interest shall be promptly disclosed to the board of directors.

Article 120 of  
Prerequisite Clauses

A director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates (as defined pursuant to the listing rules as effective from time to time) has a material interest nor shall he be counted in the quorum present at the meeting.

Rule 4(1) of Appendix 3  
of Main Board Listing  
rules



Unless the interested director, supervisor, chief executive officer or other senior management has disclosed his/her interest to the board of directors according to provisions of the preceding paragraph of this Article, and the board of directors has approved the matter in a vote in which that director, supervisor, chief executive officer and other senior management has not been included, the Company shall have the right to cancel that contract, deal or arrangement. However, exception shall be made if the other party is a bona fide party which did not know that the actions of the director, supervisor, chief executive officer and other senior management were in violation of his/her obligations.

If a party related to a Company director, supervisor, chief executive officer and other senior management has an interest in a contract, deal or arrangement, that director, supervisor, chief executive officer and other senior management shall also be regarded as an interested party.

**Article 158** If a director, supervisor, chief executive officer or other senior management of the Company has, before the Company considers for the first time to conclude a contract, deal or arrangement, notified the board of directors in writing declaring the nature of his/her interest in that contract, deal that the relevant personnel shall be regarded as having made disclosure as stipulated in the preceding Article of this Chapter of those matters in the notification.

Article 121 of  
Prerequisite Clauses

**Article 159** The Company shall not be permitted to pay, using any means, the taxes of its directors, supervisors, chief executive officers and other senior management.

Article 122 of  
Prerequisite Clauses

**Article 160** The Company shall not be permitted to, directly or indirectly, provide loans to or loan guarantees for directors, supervisors, chief executive officers and other senior management of the Company or its parent company and the Company shall also not be permitted to provide loans to or loan guarantees for parties related to the aforesaid persons.

Article 123 of  
Prerequisite Clauses

The provisions of the preceding paragraph shall not apply in the following circumstances:

(1) where the Company provides loans to its subsidiaries or provides loan guarantees for its subsidiaries;

(2) where the Company, in accordance with the engagement contract approved by the general meeting of shareholders, provides a company director, supervisor, chief executive officer and other senior management with loans, loan guarantees or other funds for payments made on behalf of the Company or for payments or expenses incurred in the performance of their duties; and

(3) if the scope of the Company's normal course of business includes provision of loans and loan guarantees, the Company may provide loans to or provide loan guarantees for its directors, supervisors, chief executive officers and other senior management and to their related parties; however, the conditions for the provision of such loans and loan guarantees shall be normal commercial terms.

**Article 161** In the event of the Company providing a loan in violation of the provisions of the preceding Article, regardless of the conditions of provision of that loan, the party receiving the loan shall make prompt repayment.

Article 124 of  
Prerequisite Clauses

**Article 162** In the event of the Company having provided a loan guarantee in violation of the provisions of paragraph 1 of Article 160, the Company shall not be forced to implement that guarantee except in the following circumstances:

Article 125 of  
Prerequisite Clauses

(1) when providing a loan to a related party of a director, supervisor, chief executive officer and other senior management of the Company or its parent company, the loan provider was unaware of the facts; or

(2) the collateral security provided by the Company has been legally sold to a bona fide purchaser.

**Article 163** Guarantee as mentioned in the preceding articles of this Chapter shall include an act whereby the guarantor assumes liability or provides property to ensure that the obligor performs its obligations.

Article 126 of  
Prerequisite Clauses

**Article 164** Where a company director, supervisor, chief executive officer or other senior management of the Company is found to have violated obligations to the Company, apart from the various rights and remedial measures stipulated in laws and statutory regulations, the Company has the power to adopt the following measures:

Article 127 of  
Prerequisite Clauses

(1) to request that the director, supervisor, chief executive officer and other senior management compensate for losses incurred by the Company due to their negligence in the performance of their duties;

(2) to cancel any contract or deal concluded between the Company and that director, supervisor, chief executive officer and other senior management, and to cancel any contract or deal concluded between the Company and a third party (if the third party knew or should have known that the director, supervisor, chief executive officer and other senior management was representing the Company in violation of obligations to the Company);

(3) to request that the director, supervisor, chief executive officer and other senior management hand over any interests derived in violation of his/her obligations;

(4) to recover funds including (but not limited to) commissions received by that director, supervisor, chief executive officer and other senior management which should have been collected or collectable by the Company;

(5) to request that the director, supervisor, chief executive officer and other senior management personnel return any interests earned or which may be earned from any funds which should be handed over to the Company.

**Article 165** The Company should enter into written contract which at least including the following regulations with each of the director, supervisor and senior management:

Rule 19A.54 &19A.55  
of Main Board Listing  
Rule

(1) the commitment of the directors, supervisors and senior officer to the Company which expressly to abide to the 《Company Law》, Prerequisite Clause, the Articles of Association of the Company and any other regulations as stipulated by the Hong Kong Stock Exchange. and agreement that the Company will be entitled to remedies in this Articles of Association and the contracts and positions are not transferable;

(2) the commitment of the directors, supervisors and senior management officers to the Company to abide to and implement the provisions of their accountability to the shareholders as stipulated in the Articles of Association; and

(3) the term of arbitrations as stipulated in Article 214 of the Article of Association .

**Article 166** The Company shall enter into a written contract on remuneration matters with the director or supervisor of the Company which shall be approved by the general meeting of shareholders in advance. The aforesaid remuneration matters shall include:

Article 128 of  
Prerequisite Clauses

(1) remuneration of directors, supervisors or senior management of the Company;  
remuneration of directors, supervisors or senior management of subsidiaries of the Company;

(2) remuneration of the provision of other management services to the Company and its subsidiaries; and

(3) compensatory payments to the directors or supervisors in case of retirement or loss of position.

(4) compensatory payments to the directors or supervisors in case of retirement or loss of position.

Except in accordance with the aforesaid contract, a director or supervisor shall not be permitted to initiate legal proceedings against the Company based on benefits receivable for the aforesaid matters.

**Article 167** A contract on remuneration matters concluded between the Company and a director or supervisor of the Company shall stipulate that upon the Company is being acquired, the director or supervisor of the Company shall, under conditions of approval granted in advance by the general meeting of shareholders, be entitled to obtain compensation or other payments as a result of loss of post or retirement.

Article 129 of  
Prerequisite Clauses

The Company is being acquired as referred to in the preceding paragraph shall refer to any of the following instances:

(1) a purchase offer made to all shareholders by any party; or  
(2) a purchase offer made by any party intending to become a controlling shareholder. The definition of a controlling shareholder shall be the same as that defined in Article 59 of the Articles of Association.

If a director or supervisor is in violation of the provisions of this Article, any funds received by the director or supervisor shall be owned by those who accepted such offer and sold their shares, expenses incurred on pro rata distribution of such funds shall be borne by that director or supervisor and expenses shall not be deducted from such funds.

## Chapter 15 Financial and Accounting System and Distribution of Profits

**Article 168** The Company shall establish a financial and accounting system in accordance with the law, administrative regulations and the PRC accounting standard formulated by the State Council financial department.

Article 130 of  
Prerequisite Clauses  
Article 149 of  
Guidelines for Articles  
of Association

**Article 169** The Company shall produce financial reports at the end of each financial year which shall be subject to auditing and verification in accordance with the law.

Article 131 of  
Prerequisite Clauses

The Company has adopted the calendar year as its accounting year, i.e. from January 1 to December 31.

**Article 170** The board of directors of the Company shall place before the shareholders at every annual general meeting such financial report as are required by any laws, administrative regulations or directive promulgated by competent local government and central governmental authorities to be prepared by the Company.

Article 132 of  
Prerequisite Clauses

**Article 171** The Company shall make its financial report available for inspection by the shareholders of the Company twenty (20) days before the convening of its annual general meeting. Every shareholder of the Company shall have the right to obtain the financial reports as mentioned in this Chapter.

Article 133 of  
Prerequisite Clauses

That a copy of either the financial report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account or income and expenditure account, or the summary financial report shall, at least 21 days before the date of the general meeting, be delivered or sent by post to the registered address of every member.

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Modification Letter No.  
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Rule 5 of Appendix 3 of  
Main Board Listing Rule

**Article 172** Financial statements of the Company shall be prepared in accordance with the PRC accounting standard and relevant regulations and, in addition, shall also be prepared in accordance with the international accounting standard or the accounting standard of the country or region where the Company is listed. If there are significant discrepancies between the financial statements prepared according to two different accounting standards, such discrepancies shall be clearly indicated in the notes attached to the financial statements. When distributing profits after tax in a financial year, the lesser amount of profits after tax in the two financial statements shall be used as the standard amount.

Article 134 of  
Prerequisite Clauses

- Article 173** When the Company announces or disclose interim result or financial information, it shall be prepared in accordance with the PRC accounting standard and relevant regulations and, simultaneously, shall also be prepared in accordance with the international accounting standard or the accounting standard of the country or region where the Company is listed. Article 135 of Prerequisite Clauses
- Article 174** The Company shall publish its financial reports twice in every financial year, i.e. an interim report shall be published within sixty (60) days of the end of six (6) months of that financial year and an annual financial report shall be published within one hundred and twenty (120) days after the end of the financial year. Article 136 of Prerequisite Clauses
- Article 175** The Company shall not be permitted to establish account books other than statutory account books. The Company's assets shall not be permitted to deposit under any personal accounts. Article 137 of Prerequisite Clauses  
Article 151 of Guidelines for Articles of Association
- Article 176** The Company establishes a fund of board of directors which withdraw once a year, the maximum amount of withdrawal is restricted to 0.1 per cent (0.1%) on the profits before tax in the year. Fund is mainly used for as a special contributor award of the board of directors, supervisors, and chief executives officer, other senior officers and employees of the company or as a source of risk fund of the director, supervisor, chief executive officer and other senior officer, the specific management measures enacted separately by the remuneration and evaluation committee.
- Article 177** The capital reserve fund shall include the following items: Article 138 of Prerequisite Clauses
- (1) premiums gained on shares issued for more than nominal value;
  - (2) other revenue to be charged to the capital reserve fund as stipulated by the State Council financial department.
- Article 178** When the Company is distributing after-tax profits of one year, it should allocate 10% of the profits into the statutory reserve fund. If the cumulated statutory reserve fund reaches more than 50% of the registered capital of the Company, no further allocation is required. Article 152 of Guidelines for Articles of Association
- When the statutory reserve fund of the Company is insufficient to make up the losses incurred during the previous year, before making allocation to the statutory reserve fund in accordance with the preceding paragraph, the profits generated during the current year shall be used to mark up for such losses.
- After the Company making allocation to the statutory reserve fund from the after-tax profits, the Company, subject to resolution adopted at a general meeting, also allocate funds from the after-tax profits to the discretionary reserve fund.
- After the Company making up for the losses and making contributions to the reserve fund, any remaining profits shall be distributed to the shareholders in proportion to their respective shareholdings, except when it is stipulated in the Articles of Association that profit distributions shall not be made in accordance with the shareholding proportion.
- If the general meeting has, in violation of the provisions of the preceding paragraph, distributed profits to the shareholders before the Company has made up for its losses and made allocations to the statutory reserve fund, the shareholders must return the profits distributed in violation of the provision of the Company.
- No profits shall be distributed in respect of the shares held by the Company.
- Article 179** The Company may use the following for distribution of dividends either way (or simultaneously): Article 139 of Prerequisite Clauses
- (1) cash;
  - (2) share certificates.

The dividends and other payments paid by the Company to its domestic shareholders shall be valued and declared in Renminbi, and paid in Renminbi within three months after the date of the declaration of dividends. The dividends and other payments paid by the Company to its overseas listed foreign invested shareholders shall be valued and declared in Renminbi, and paid in foreign currency within three months after the date of the declaration of dividends. The exchange rate from related foreign currency to Renminbi shall be the average closing rate posted by Bank of China five days before the date of distribution of dividend or other distribution, the transaction of foreign currency the Company needs to pay its foreign invested shareholders is subject to the regulations of the State Administration of Foreign Exchange. The board of directors shall decide the distribution of the Company's dividend authorised by the general meeting as an ordinary resolution.

**Article 180** That any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

Rule 3(1) of Appendix 3 of Main Board Listing Rule

**Article 181** The Company shall commission a collecting agent for holders of foreign invested shares listed overseas. A collecting agent shall collect dividends on Foreign Invested Shares and other payable items from the Company on behalf of relevant shareholders.

Article 140 of Prerequisite Clauses

A collecting agent commissioned by the Company shall meet the requirements of the law in the place where the Company is listed or relevant regulations of the stock exchange.

Supplementary Modification Letter No. 8/Section 1(c) of Appendix 13D of Main Board Listing Rule Section 3(2) of Appendix 3 of Main Board Listing Rule Section 13(1) of Appendix 3 of Main Board Listing Rule

A provision to the effect that for its shareholders of overseas listed foreign invested shares listing in Hong Kong, the issuer shall appoint as a collecting agent which is registered as a trust Company under the 《Trustee Ordinance》 of Hong Kong.

In complying with the relevant PRC laws and regulations and the provisions of the Hong Kong stock exchange, subject to unclaimed dividend, the Company may exercise the confiscation of power, but that power in the application of the limitation shall not be exercised before the expiration

The Company may exercise power to cease sending dividend warrants by post to a holder of foreign shares listed overseas when such warrants have not be cashed twice in a row. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

On the exercise of the power to issue warrants to the holder, unless the Company truly believe that warrants have been destroyed, otherwise, no new warrants is allowed to be issued to replace the lost one.

Subject to the following conditions, the Company has the power to sell the shares of a shareholder who is untraceable according to the way as considered appropriate by the board of directors:

(1) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and

Section 13(2) of Appendix 3 of Main Board Listing Rule

(2) on expiry of the 12 years the Company, upon approval by the securities regulatory authority of the State Council, gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Exchange of such intention.

## Chapter16 Appointment of an Accounting Firm

**Article 182** The Company shall appoint a State qualified independent accounting firm to audit the Company's annual financial reports and to examine and verify other financial reports.

Article 141 of  
Prerequisite Clauses  
Article 158 of  
Guidelines for Articles  
of Association

The Company's first accounting firm may be appointed by the founding meeting before the first general meeting of shareholders. The term of appointment of the first accounting firm shall be terminated at the conclusion of the first general meeting.

Where the founding meeting does not exercise the powers of office stipulated in the preceding paragraph, the board of directors shall exercise the said powers of office.

**Article 183** The term of appointment of accounting firm shall commence from the date of conclusion of the current general meeting and end at the date of conclusion of the subsequent general meeting.

Article 142 of  
Prerequisite Clauses

**Article 184** An accounting firm appointed by the Company shall have the following rights:

Article 143 of  
Prerequisite Clauses

(1) to consult, at any time, the Company's accounting books, records or vouchers, and shall have the right to request directors, chief executive officers or other senior management of the Company to provide relevant data and explanations;

(2) to request the Company to adopt all reasonable measures to obtain from its subsidiaries data and explanations which the accounting firm requires for the performance of its duties;

(3) to attend general meeting and to obtain information which is available to any shareholder who has the right to receive notice of a meeting or on other matters related to the meeting, and to speak at any general meeting about matters related to its functions as accounting firm to the Company.

**Article 185** If the position of the accounting firm falls vacant, the board of directors may, before convening a general meeting, appoint an accounting firm to fill the vacancy. However, if, during the period of the vacancy, the Company has other appointed accounting firms, those firms may continue to handle matters.

Article 144 of  
Prerequisite Clauses

**Article 186** Regardless of what is stipulated in a contract concluded between an accounting firm and the Company, the general meeting may, before the duration of appointment of any accounting firm expires, decide to dismiss that firm through the adoption of an ordinary resolution. If such an accounting firm has the right to claim compensation from the Company for reason of such dismissal, that right shall not be affected.

Article 145 of  
Prerequisite Clauses  
Article 159 of  
Guidelines for Articles  
of Association

**Article 187** The remuneration of an accounting firm or methods for determining remuneration shall be decided at a general meeting. The remuneration of an accounting firm appointed by the board of directors shall be determined by the board of directors.

Article 146 of  
Prerequisite Clauses  
Article 161 of  
Guidelines for Articles  
of Association

**Article 188** Decisions on matter relating to the appointment, removal, or non-reappointment of an accounting firm shall be taken at general meeting and such decisions shall be reported to the Securities Committee of the State Council for the record.

Article 147 of  
Prerequisite Clauses

Where a resolution at a general meeting of shareholders is passed to appoint an accounting firm other than an incumbent one so as to fill a casual vacancy in the office of accounting firm, to reappoint a retiring accounting firm who is appointed by the board of directors to fill a casual vacancy, or to remove an accounting firm before the expiration of his term of office, the following provisions shall apply:

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Modification Letter No.  
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Section 1(e)(i) of  
Appendix 13D of Main  
Board Listing Rule

(1) A copy of the proposal shall be sent before notice of meeting is given to the shareholders to the person proposed to be appointed or the accounting firm proposing to leave his post or the accounting firm who has left his post.

Leaving includes leaving by removal, resignation and retirement.

(2) If the accounting firm leaving his post makes representations in writing and requests their notification to the shareholders, unless the representations are received too late, the Company shall:

- 1) in any notice of the resolution given to shareholders, state the fact of the representations having been made; and
- 2) send a copy of the representations as attachment to the notice to the shareholders according to the delivery methods required in the Articles of Association.

(3) If the accounting firm's representations do not send under to the requirement mentioned in (2) above the accounting firm may request the representations be read out at the meeting and appeal on it.

(4) An accounting firm who is leaving his post shall be entitled to attend the following meeting:

- 1) the general meeting of shareholders at which his term of office would otherwise have expired;
- 2) any general meeting of shareholders at which it is proposed to fill the vacancy caused by his removal; and
- 3) any general meeting of shareholders convened on his resignation.

An accounting firm who is leaving his post shall be entitled to receive all notices of, and other communications relating to, any such meeting, and to be heard at any such meeting which he attends on any part of the business of the meeting which concerns him as former accounting firm of the Company.

**Article 189** The Company shall advise the accounting firm in advance if it is to be dismissed or not to be reappointed. The accounting firm shall have the right to make a statement in respect of its dismissal or non-reappointment at the general meeting. If an accounting firm resigns, it shall explain to the general meeting whether or not the Company has been involved in any improper dealings.

Article 148 of Prerequisite Clauses Article 162 of Guidelines for Articles of Association

(1) Where an accounting firm resigns from its office, it may deposit a notice of resignation to the Company's residence. The notice shall become effective on the date of such deposit or on such later date as may be stipulated in the notice. The notice shall include the following:

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Section 1(e)(ii) of Appendix 13D of Main Board Listing Rule

- 1) a statement to the effect that there are no circumstances connected with its notice of resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
- 2) a statement of any such circumstances.

(2) Where a notice is deposited under item (1) of this article, the Company shall within 14 days send a copy of the notice to the relevant governing authority. If the notice contains a statement under the 2) of item (1) of this article, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas listed Foreign Invested Shares at the address recorded in the register of shareholders.

Section 1(e)(iii) of Appendix 13D of Main Board Listing Rule

(3) Where the accounting firm's notice of resignation contains a statement under the 2) of item (1) of this article, which should be brought to notice, the accounting firm may require the board to convene an extraordinary general meeting of shareholders for the purpose of giving an explanation of the circumstances in relation to its resignation.

Section 1(e)(iv) of Appendix 13D of Main Board Listing Rule

## Chapter17 Insurance

**Article 190** The Company shall purchase its insurances in accordance with relevant insurance law of the PRC.

**Article 191** The Company shall formulate a liability insurance system for directors, supervisors, chief executive officers and other senior management

## Chapter 18 Labour System

**Article 192** The Company is allowed to institute a labour contract system and is entitled for employment and lay-off staff in accordance with its requirement of business development within the scope of the relevant State law and statutory regulations

**Article 193** The Company is allowed to determine the salaries and labour system in consideration of its own economic interests and in accordance with the relevant requirements of legislations and the Articles of Association

**Article 194** The company shall strive to improve its staff's benefit and working as well as living environment.

**Article 195** Pursuant to the relevant State law, statutory regulations, the Company use insurance fund for staff's medical treatment, retirement and unemployment, and formulate labour insurance system.

## Chapter19 Labour Union

**Article 196** The company's staff shall organise labour union, hold labour activities and protect legitimate rights of staff in accordance with the law. The Company shall provide necessary conditions for the labour union.

## Chapter 20 Merger and Demerger of the Company

**Article 197** In the case of Company merger or demerger, a merger or demerger plan shall be proposed by the board of directors and after the plan is adopted according to the procedures stipulated in the Articles of Association, the relevant procedures for examination and approval shall then be carried out in accordance with the law. If a shareholder objects to a merger or demerger plan, that shareholder shall have the right to request the Company or those shareholders who approve the merger or demerger plan to purchase his/her shares at a fair price. The content of a resolution on Company merger or demerger shall be made into a special document to be available for inspection by shareholders.

Article 149 of  
Prerequisite Clauses

The aforesaid document shall be delivered by post for holders of Foreign Invested Shares of the Company.

**Article 198** A company merger may be made by the consolidation merger method or by the new establishment merger method.

Article 150 of  
Prerequisite Clauses  
Article 171 of  
Guidelines for Articles  
of Association

When the Company is undergoing a merger, the various parties to the merger shall sign a merger agreement and a balance sheet and inventory of properties shall be drawn up. Within 10 days of the proposal of a resolution on a company merger, the Company shall notify the various creditors and a public announcement shall be made in the press within 30 days. The creditors shall have the right, within 30 days of receipt of the notice or within 45 days of the date of the public announcement if the notice has not been received, to require the Company to pay its debts or provide guarantee to the amount of its debts.

Following a merger, the debts receivable and debts payable of the parties to the merger shall be continued or successes by a takeover company or a company newly established as the result of a merger.

Article 173 of  
Guidelines for Articles  
of Association



**Article 199** If a company is to be demerger, its assets shall be divided accordingly.

Article 151 of  
Prerequisite Clauses  
Article 172 of  
Guidelines for Articles  
of Association

When embarking on a demerger, the parties to the demerger shall sign a demerger agreement and a balance sheet and inventory of properties shall be drawn up. Within 10 days of the proposal of a resolution on a company demerger, the Company shall notify the various creditors and within 30 days a public announcement shall be made in the newspaper which is recognised by the stock exchange where the Company's stock lists.

The debts of the Company before the demerger will be jointly and severally liable by the companies formed after the demerger. However, if before the demerger the Company and its creditors have entered into a written contract concerning the repayment of debts, then the former provision does not reply.

Article 175 of  
Guidelines for Articles  
of Association

**Article 200** Where registered items are changed as a result of a company merger or demerger, application shall be made to the Company registration authority or register the amendment in accordance with the law. Where the Company is dissolved, application shall be made to register the cancellation in accordance with the law; where a Company is newly established, application shall be made to register the establishment.

Article 152 of  
Prerequisite Clauses  
Article 177 of  
Guidelines for Articles  
of Association

## Chapter 21 Dissolution and Liquidation of the Company

**Article 201** The Company shall terminate its operations and enter into liquidation in accordance with the law in any of the following circumstances:

Article 153 of  
Prerequisite Clauses  
Article 178 of  
Guidelines for Articles  
of Association

- (1) a general meeting of shareholders resolves that there shall be a dissolution;
- (2) dissolution becomes necessary because of company merger or demerger;
- (3) the Company is declared bankrupt in accordance with the law due to inability to discharge its debts;
- (4) cancellation of the business licence, ordered to be closed or cancelled according to the law;
- (5) the operation and management of the Company experience a great difficulty, continuation will lead to significant losses suffered by the shareholders, and the crisis cannot be solved by other means. Shareholders with more than 10% of the voting rights can request the People's Court to dissolve the Company;
- (6) other circumstances as stipulated in laws, statutory regulations that the Company shall dissolve.

**Article 202** In the case of the Company being dissolved in accordance with the provisions of item (1) of the preceding Article, the Company shall, within 15 days, establish a liquidation committee, the members of which shall be determined by the general meeting of shareholders through an ordinary resolution.

Article 154 of  
Prerequisite Clauses  
Article 180 of  
Guidelines for Articles  
of Association

In the case of the Company being dissolved in accordance with the provisions of item (3) and item (5) of the preceding Article, the People's Court shall, in accordance with laws and statutory regulations, organize shareholders, relevant authorities and relevant professionals to form a liquidation committee to conduct the liquidation.

In the case of the Company being dissolved in accordance with the provisions of item (4) of the preceding Article, the competent authority shall organize shareholders, relevant authorities and relevant professionals to form a liquidation committee to conduct the liquidation.

**Article 203** If the board of directors decides that the Company should be liquidated (except the liquidation as a result of Company's declaration of bankruptcy), the notice of the shareholders' general meeting convened for such purpose shall include a statement to the effect that the board of directors has made full inquiry into the position of the Company and that the board holds the opinion that the Company can pay its debts in full within 12 months after the announcement of liquidation.

Article 155 of  
Prerequisite Clauses

Following a resolution on liquidation passed by a general meeting of shareholders, the powers of office of the board of directors shall immediately be terminated.

The liquidation committee shall adhere to the instructions given by the shareholders at general meeting and shall report to the shareholders at general meeting on the income and expenditure of the liquidation committee, the business operations of the Company and progress of the liquidation of the Company at least once a year. The liquidation committee shall submit a final report to the shareholders at general meeting at the conclusion of liquidation proceedings.

**Article 204** The liquidation committee shall, within 10 days of its establishment, notify creditors and make a public announcement in the press within 60 days. The creditors shall, within 30 days of receipt of the notice or within 45 days of the date of the first public announcement if the notice has not been received, apply the liquidation committee for its debts receivable. During the period of creditors' declaration, the liquidation committee is not permitted to pay debts to creditors.

Article 156 of  
Prerequisite Clauses  
Article of 186 Company  
Ordinance

**Article 205** The liquidation committee shall exercise the following powers of office during the period of liquidation:

Article 157 of  
Prerequisite Clauses  
Article 181 of  
Guidelines for Articles  
of Association

- (1) perform a stocktake of the Company's property and formulate a balance sheet and property inventory;
- (2) notify creditors and make public announcement of the liquidation;
- (3) handle and finalise matters in relation to the unfinished business affairs of the Company;
- (4) pay overdue taxes and taxes incurred during the liquidation process;
- (5) clear debts receivable and payable;
- (6) dispose of the remaining assets after all debts have been paid;
- (7) participate in civil proceedings on behalf of the Company.

**Article 206** A liquidation plan shall be formulated by the liquidation committee after the stocktake of the Company property has been performed and the balance sheet and property inventory have been compiled, and this shall be submitted to the shareholders at general meeting or to relevant authorities in charge for confirmation.

Article 158 of  
Prerequisite Clauses  
Article 183 of  
Guidelines for Articles  
of Association

After the shut down of the Company due to the resolution of dismissal in shareholder's general meeting or declaration of bankruptcy in accordance with the law, or forced to shut down in accordance with the law, no one shall be allowed to share Company's assets without the permission of the liquidation committee.

Payment of debts out of Company property shall be made in the following order of priority: liquidation charges, staff salary, social insurance, legally prescribed compensation, outstanding tax and company debts.

Company property left after full payment in accordance with the provisions of the preceding paragraph shall be distributed to the Company's shareholders according to the category and proportion of their shareholding.

During the liquidation period, the Company continues to exist, but it cannot commence operational activities not related to the liquidation.

Before the Company assets have been used to pay off as required by the last paragraph, it shall not be distributed to shareholders.

**Article 207** Where liquidation is carried out as a result of dissolution of the Company, after stocktaking of the Company's assets and compilation of a balance sheet and property inventory, the liquidation committee found that the amount of assets is insufficient to settle debts, it shall promptly apply to the People's Court for a declaration of bankruptcy.

Article 159 of  
Prerequisite Clauses  
Article 184 of  
Guidelines for Articles  
of Association

If a company has been declared bankrupt by the People's Court, the liquidation committee shall hand over liquidation matters to the People's Court.

**Article 208** After the conclusion of liquidation proceedings, the liquidation committee shall compile a liquidation report as well as draw up income and expenditure statements and various financial accounts for the liquidation period which shall be submitted to the shareholders at general meeting or relevant authorities in charge for confirmation following verification by a certified public accountant registered in China.

Article 160 of Prerequisite Clauses  
Article 185 of Guidelines for Articles of Association

Within 30 days from the date of confirmation of the above-mentioned documents by the shareholders' general meeting or the relevant authorities in charge, the liquidation committee shall deliver the same to the Company registry, apply for cancellation of the Company's registration and publicly announce the Company's termination.

## Chapter 22 Procedures for Amendment of the Articles of Association

**Article 209** The Company may amend its Articles of Association in accordance with laws, administrative regulations and its Articles of Association.

Article 161 of Prerequisite Clauses

**Article 210** Where an amendment to the Company's Articles of Association involves matters provided for in the Articles of Association of companies Seeking a Listing Outside the PRC Prerequisite Clauses (“Prerequisite Clauses”), it shall become effective after being examined and approved by departments of examination and approval of companies authorised by the State Council and the State Council Securities Commission; Where an amendment to the Company's Articles of Association involves matters of company registration, the registration shall be amended according to law.

Article 162 of Prerequisite Clauses

## Chapter 23 Settlement of Disputes

**Article 211** The Company shall comply with the following rules of settlement of disputes:

Supplementary Modification Letter No. 11  
Article 163 of Prerequisite Clauses

(1) In relation to disputes and claims relating to the Company's affairs (i) between the Company and its directors or other senior management, (ii) between the holders of Foreign Invested Shares Listed Overseas and the Company, between the holders of Foreign Invested Shares Listed Overseas and the Company's directors, supervisors, chief executive officers or other senior management, or between the holders of Foreign Invested Shares Listed Overseas and the holders of Domestic Shares arising out of rights and obligations provided for in the Articles of Association, the 《Company Law》 or other laws and statutory regulations, the parties concerned shall refer the dispute to arbitration for settlement.

When referring to the aforesaid dispute or claim to arbitration, it shall be the whole dispute or entire claim which is so referred; where those persons who have a cause of action arising out of the same facts or those persons required to participate in the resolution of a dispute or claim are the Company's shareholders, directors, supervisors, chief executive officers or other senior management or such person is the Company itself, such person shall be subject to arbitration.

Regarding the dispute on definition of shareholders or shareholders register, it can be resolved other than by arbitration.

(2) An applicant for arbitration may select the China International Economic and Foreign Trade Arbitration Commission to undertake arbitration according to its rules or, alternatively, may choose the Hong Kong International Arbitration Centre to undertake arbitration according to its rules on securities arbitration. After the applicant for arbitration refers the dispute or claim for arbitration, the opposing party shall participate in the arbitration at the arbitral body chosen by the applicant.

If an applicant chooses the Hong Kong International Arbitration Centre, any party concerned may, in accordance with the rules of the Hong Kong International Arbitration Centre on securities arbitration, request the arbitration to be undertaken in Shenzhen.

(3) In resolving disputes or claims as mentioned in item (1) of this Article through arbitration, the law of the People's Republic of China shall apply except if laws and statutory regulations stipulate otherwise.

(4) An award made by the arbitral body shall be final and have binding effect on the parties concerned.

## Chapter 24 Notices

**Article 212** Except as provided in this Article of Association, for the notice issued by the Company to the overseas listed foreign shareholders, if it is published by announcement, according to the local listing rule requirement, the notice shall be submitted to the Hong Kong Stock Exchange through the e-submission system of the Hong Kong Stock Exchange which will immediately post the notice on the website of the Hong Kong Stock Exchange at the same day. In addition, notice shall also be posted concurrently on the company's website. In addition, the notice shall also be sent either by designated personnel or by prepaid letter in accordance with the mail address of the registered overseas listed foreign shareholders so that shareholders are fully informed and have enough time to exercise their rights or act according to the terms of the notice.

Rule 7(1) & (3) of Appendix 3 of Main Board Listing Rule

The company's shareholders of the overseas listed foreign shares shall choose in written whether to receive the corporate communication in way of electronic mail or post, and shall choose to receive either the English version or the Chinese version only, or both. They shall be allowed to give the company a written notice in advance within reasonable time, to alter the receive method and language version of the aforesaid information in accordance with proper procedure.

**Article 213** If sent or delivered by mail, the corporate communication shall be put into a clearly addressed and postage-prepaid envelope and such corporate communication is deemed to be delivered or sent 48 hours after the envelope is put into post box. .

The corporate communication sent to shareholders of the overseas listed foreign shares by the Company shall be announced in one or more media designated by the securities authority of the State Council, and once the announcement is published, such corporate communication shall be deemed to be received by all shareholders of the overseas listed foreign shares.

**Article 214** Even the preceding text clear provides requirements to provides and/or distributed written form of company communications to shareholders, However, in relation to the way the Company to provides and/or distributed company communications to the shareholders in accordance the Hong Kong listing rules requirements, provided that either written or implied agreement has been received from shareholders in accordance with the related legal regulations and the regulations of the Hong Kong listed rules amended from time to time, the company is entitled to use electronic way or the website of the Company to publish the communications information of the Company to the shareholders of the Company. Corporate communications including, but not limited to: circulars, annual reports, interim report, quarterly results, notice of general meeting notice, as well as other types of corporate information as listed in the Hong Kong listing rules.

## Chapter 25 Additional Rules

**Article 215** In these articles, 'over', 'within', 'below' all include the number immediately preceding. 'exceed', 'over' do not include the preceding number.

Article 195 of Guidelines for Articles of Association

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<b>Article 216</b> In these Articles, the “senior officer” means the Company’s chief executive officer, vice president, chief accountant, general engineer, secretary of board of directors. “Chief executive officer” and “vice president” in these Articles refer to “manager” and “deputy manager” in the Company Law.	Article 11 of Guidelines for Articles of Association
<b>Article 217</b> The term “accounting firm” as used in this Articles of Association shall have the same meaning as “auditor”.	Article 165 of Prerequisite Clauses
<b>Article 218</b> These articles are in Chinese. If it conflicts with a version in any other language, the authentic version is the Chinese version most recently examined and registered by company registration authority. In case of discrepancy between the Chinese version and a version of any other language, the Chinese version shall prevail.	Article 194 of Guidelines for Articles of Association
The board of directors of the Company is responsible for explaining these Articles; matters not yet resolved in this Article shall be passed as resolution in general meeting by board of directors.	Article 196 of Guidelines for Articles of Association