

**Jujiang Construction Group Co., Ltd.**

**Amended and Restated**

**Articles of Association**

**(As adopted by a Special Resolution passed on  
26 May 2016 and effective on 23 June 2016)**

**\*Note: This is an unofficial English translation and is for reference only. In case of discrepancies, the Chinese version shall prevail over its English version.**

## CHAPTER 1 GENERAL PROVISIONS

**Article 1** Jujiang Construction Group Co., Ltd. (hereinafter referred to as the “Company”) is a joint stock company with limited liability in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”) and other laws and administrative regulations in China. The Articles of Association are formulated in accordance with the Company Law, the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Special Regulations of the State Council on the Overseas Offering and Listing of shares by Joint Stock Limited Companies (hereinafter referred to as the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies Listed Overseas (hereinafter referred to as the “Mandatory Provisions”), the Circular Regarding Opinions on the Supplements and Amendments of Articles of Association of Companies to be Listed in Hong Kong (hereinafter referred to as the “Opinion Circular”), Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Listing Rules”), and other laws and administrative regulations.

Article 9, 81 of Company Law Article 1 of the Mandatory Provisions Paragraph (a), Section 1 of Appendix 13D to the Main Board Listing Rules, unless otherwise specified, the Mandatory Provisions and Letter of Opinions on Supplementary Amendments mentioned hereinafter shall be deemed to have mentioned Paragraph (a), Section 1, Appendix 13D to the Main Board Listing Rules

Zhejiang Jiaxing Jujiang Construct Group Co., Ltd. was established on 17 July 1996 and its name was changed to Jujiang Construction Co., Ltd. on 12 November 2008. On 29 December 2014, it was converted to a jointed stock company, with its original shareholders as the promoters of the joint stock company, namely, Zhejiang Jujiang Holding Co., Ltd. and Zhejiang Jujiang Equity Investment Management Co., Ltd.

On 30 October 2015, the company obtained the CSRC’s approval in relation to Jujiang Construction Group Co., Ltd. issuing overseas listed foreign capital stocks and the Company is listed on the Stock Exchange on 12 January 2016, the company registration is relocated to the Zhejiang Provincial Administration of Industry and Commerce.

**Article 2** Registered Chinese name of the company: 巨匠建設集團股份有限公司

Article 8, 81 of Company Law Article 2 of the Mandatory Provisions

English name: Jujiang Construction Group Co., LTD

**Article 3** Domicile of the Company: Gaoqiao Town, Tongxiang City, Zhejiang Province

Article 10, 25, 81 of Company Law Article 3 of the Mandatory Provisions

Postal code: 314500

Telephone number: (86) 0573 8088 0907

Facsimile number: (86)0573 8810 4880

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

Article 13, 81  
of Company  
Law Article  
4 of the  
Mandatory  
Provisions

**Article 5** The Company is a joint stock company with limited liability and of permanent existence.

Article 5 of  
the Mandatory  
Provisions

**Article 6** The Company is an independent enterprise legal person, and all acts of the company shall comply with laws, regulations and regulatory documents of China and the legal rights of the shareholders shall be protected. The Company is under the jurisdiction and protection of the laws, regulations and regulatory documents of China.

**Article 7** After being approved by a special resolution at the Company's general meeting, these Articles of Association shall come into effect after the date of listing for trading of the Overseas Listed Foreign Shares (H Shares) issued by the Company to the public on the Stock Exchange of Hong Kong Limited (hereafter referred as "Hong Kong Stock Exchange") upon the approval by the examination and approval department. The original Articles of Association and its amendments will lapse automatically since the effective date of the Articles of Association.

Article 6 of  
the Mandatory  
Provisions

**Article 8** The Articles of Association as amended in the future shall be a legally binding public document that regulates the Company's organization and activities, the rights and obligations between the Company and its shareholders as well as among the shareholders once it goes into effect.

Article 11 of  
Company Law  
Article 6 of  
the Mandatory  
Provisions

**Article 9** The Articles of Association shall be binding on the Company, its shareholders, Directors, Supervisors, Manager and other members of senior management. All persons mentioned above shall have the rights to refer to the Articles of Association for claims regarding affairs related to the Company. In accordance with the Articles of Association, Shareholders may institute legal proceedings against the Company; the Company may institute legal proceedings against its shareholders; shareholders may institute legal proceedings against other shareholders, Directors, Supervisors, Manager and other members of senior management as per the Articles of Association.

Article 11 of  
Company Law  
Article 7 of  
the Mandatory  
Provisions

The legal proceedings referred to in the preceding paragraph shall include legal proceedings instituted in courts or the application to arbitration institutions for arbitration.

**Article 10** The Company may invest in other companies with limited liability or joint stock companies with limited liability, and shall be liable to the invested companies to the extent of its capital contribution. Unless the laws specify otherwise, the Company shall not be an investor to bear joint and several liability for the debts of the invested companies.

Article 15 of  
Company Law  
Article 8 of  
the Mandatory  
Provisions

**Article 11** All the capital of the Company shall be divided into shares of equal value and shareholders' liability shall be limited to their shares in the Company. The Company shall be liable for its debt with all of its assets.

Article 3 of  
Company Law

**Article 12** The Company's employees may form trade unions and carry out trade union activities to protect their legal rights. The Company shall provide necessary support to such activities.

Article 18 of  
Company Law

## CHAPTER 2 BUSINESS OBJECTIVES AND SCOPE OF BUSINESS

**Article 13** The operation principle of the Company is carrying out its business, continuously enhancing its standard of operation management and its core competitiveness, providing quality service to its clients, optimising shareholders' interests and values of the Company, and achieving better economic and social efficiency, based on the relevant laws, regulations and regulatory rules.

Article 9 of the Mandatory Provisions

**Article 14** Scope of business: Contracting house building and design engineering; Generally contracting architectural engineering construction; Construction industry designing business; Other sorts of general contract or specialized contract; sales in decorating materials for construction except dangerous chemicals. (Selling approved projects according to law, undertaking business activities after getting approval by relevant authorities)

Article 12, 81 of Company Law Article 10 of the Mandatory Provisions

**Article 15** The Company may change its scope of business and amend the Articles of Association in accordance with law upon registration of change with the Administration for Industry and Commerce of Jiaying City, Zhejiang province and with the approvals of shareholders at the Shareholders Meeting and the relevant competent authorities.

Article 12 of Company Law

## CHAPTER 3 SHARES AND REGISTERED CAPITAL

**Article 16** The Company shall have ordinary shares at all times. The Company may create other classes of shares according to its needs upon approval by the vetting department authorized by the State Council.

Article 11 of the Mandatory Provisions Section 9 of Appendix 3 to the Main Board Listing Rules

**Article 17** Shares issued by the Company all have a par value, of RMB1 per share (Unless otherwise specified, all amounts in the Articles of Association are stated in RMB). "Renminbi" as referred to in the previous Paragraph shall mean the legal currency of the People's Republic of China (the "PRC").

Article 128 of Company Law Article 12 of the Mandatory Provisions

**Article 18** Issuing of company shares shall adopt an open, fair, and just principle. Shares of the same type shall have equal rights. During the issuance of the same type of shares, each share shall have the same conditions of issuance and price. Any such share subscribed by any unit or individual should charge the same price.

Section 9 of Appendix 3 to the Main Board Listing Rules

**Article 19** The Company may issue shares to both domestic and foreign investors subject to the approval by the China Securities Regulatory Commission. Foreign investors referred to in the preceding paragraph shall mean investors from foreign countries, Hong Kong, Macao and Taiwan who subscribe for shares issued by the Company; domestic investors shall mean investors from China except the foregoing regions who subscribe for shares issued by the Company.

Article 13 of the Mandatory Provisions

**Article 20** Domestic shares refer to the shares denominated in RMB issued by the Company to domestic investors. Foreign shares refer to the shares denominated in foreign currencies issued by the Company to overseas investors and the shares held by foreign investors which were transferred from domestic shareholders. Among the foreign shares, those listed overseas are referred to as overseas listed foreign shares (of which those listed in Hong Kong can be referred to as H shares' which are listed on The Hong Kong Stock Exchange upon approval with a par value denominated in RMB and are subscribed and traded in Hong Kong dollars). and those unlisted overseas are referred to as non-listed foreign shares.

Article 14 of the Mandatory Provisions Section 9 of Appendix 3 to the Main Board Listing Rules Rule 19A.01(3)(b) of the Main Board Listing Rules

Unless otherwise specified in the Articles of Association, holders of domestic shares and foreign shares are both holders of ordinary shares and shall have the same rights and obligations.

For the purposes of the preceding paragraph, the term of “foreign currency” shall refer to the lawful currency of a country or area outside the People’s Republic of China, which is recognized by the State Administration of Foreign Exchange and can be used to pay for the shares to the Company.

**Article 21** Following approval of the State Council authorities in charge of securities, the total amount of ordinary shares that the Company may issue is 400,000,000. The number of shares issued to the sponsors at the time of establishment is 400,000,000 representing 100 % of the total number of ordinary shares that may be issued by the Company. The number of shares subscribed by each of the promoters are set out as follows:

Article 81 of  
Company Law  
Article 15 of  
the Mandatory  
Provisions

- (1) 204,000,000 shares, representing 51% of the total number of ordinary shares, were subscribed by Zhejiang Jujiang Holding Co., Ltd.
- (2) 196,000,000 shares, representing 49% of the total number of ordinary shares, were subscribed by Zhejiang Jujiang Equity Investment Management Co., Ltd.

**Article 22** After its establishment, with the review of the China Securities Regulatory Commission on 30 October, 2015 and approval of the Hong Kong Stock Exchange, the Company shall issue 133,360,000 ordinary shares, including not 133,360,000 foreign investment shares listed outside the People’s Republic of China, accounting for 25% of the total number of ordinary shares that may be issued by the Company.

Article 16 of  
the Mandatory  
Provisions  
Section 9 of  
Appendix 3 to  
the Main Board  
Listing Rules

After issuing the foreign investment shares listed outside the People’s Republic of China mentioned above. The composition of the Company’s share capital shall be: 533,360,000 ordinary shares, of which Zhejiang Jujiang Holding Co., Ltd. shall hold 204,000,000 shares, Zhejiang Jujiang Equity Investment Management Co., Ltd. shall hold 196,000,000 shares, holders of foreign investment shares listed outside the People’s Republic of China shall hold 133,360,000 shares.

**Article 23** Subject to the approval of the plans of the Company to issue overseas listed foreign shares and domestic shares by the China Securities Regulatory Commission and by shareholders at a Shareholders’ Meeting, the Board of Directors of the Company may arrange for a separate issuance of such shares. The Company may implement the plan of issuing overseas listed foreign shares and domestic shares separately within 15 months since it is approved by the China Securities Regulatory Commission.

Article 17 of  
the Mandatory  
Provisions

With the approval of China Securities Regulatory Commission, holders of non-listed shares of the Company may have their shares listed and dealt in overseas. The listing and dealing in of such shares on overseas stock exchanges shall comply with the regulatory procedures, rules and requirements of overseas stock exchanges. No class shareholder meeting is required to be held to approve the listing and dealing in of such shares on overseas stock exchanges.

**Article 24** The Company shall complete issuing overseas listed foreign shares and domestic shares within the number fixed in the plan at one time; if this cannot be achieved due to exceptional circumstances, the Company may issue the same in several attempts upon the approval by the China Securities Regulatory Commission.

Article 18 of  
the Mandatory  
Provisions

**Article 25** The registered capital of the Company shall be RMB533,360,000.

Article 81 of  
Company Law  
Article 19 of  
the Mandatory  
Provisions

**Article 26** The Company may increase its capital according to its business operation and development needs.

The Company may increase its capital through the following:

- (1) issue of shares to the public;
- (2) private placement of shares to the public;
- (3) issue of bonus shares or placement of new shares to existing shareholders;
- (4) increase share capital by conversion of reserves;
- (5) other ways permitted in accordance with laws and administrative regulations and approved by the China Securities Regulatory Commission.

Article 178 of  
Company Law  
Article 20 of  
the Mandatory  
Provisions

The Company's increase of capital by way of issuing new shares shall be in accordance with the laws and administrative regulations of China and with the approval according to the procedures as required by the Articles of Association.

**Article 27** The Company may dispose of the shares of any untraceable shareholder and retain the proceeds, if:

- (1) during a period of 12 years dividends in respect of the shares in question have been distributed at least three times and no dividend has been claimed; and
- (2) upon expiry of the 12-year period, the Company has given notice of its intention to dispose of the shares by way of an announcement published in the newspapers, and notifies the China Securities Regulatory Commission and the relevant overseas securities regulatory authorities of the place where the Company's shares are listed.

**Article 28** Unless the laws and regulations specify otherwise, the Company's shares can be transferred freely without any encumbrance.

Article 137 of  
Company Law  
Article 21 of  
the Mandatory  
Provisions  
Rule 19A.46  
and Paragraph  
(2),  
Section 1 of  
Appendix 3 to  
the Main Board  
Listing Rules

**Article 29** Where any director, supervisor and senior manager of a listed company or any shareholder who holds more than 5% of the shares of a listed company, sells the stocks of the company as held within 6 months after purchase, or purchases any stock as sold within 6 months thereafter, the proceeds generated therefore shall be incorporated into the profits of the relevant company. The board of directors of the company shall withdraw the proceeds. If the transfer restriction under this article involves H shares, it shall be approved by the HKEX. However, where a securities company holds more than 5% of the shares of a listed company, which are the residing stocks after sale by proxy as purchased thereby, the sale of the foregoing stocks may not be limited by a term of 6 months.

Where the board of directors of a Company fails to implement the provisions as prescribed in the preceding paragraph herein, the shareholders concerned have the right to require the board of directors to implement them within 30 days. Where the board of directors of a company fails to implement them within the aforesaid term, the shareholders have the right to directly file a litigation with people's court in their own names for the interests of the company.

Where the board of directors of a company fail to implement the provisions as prescribed in paragraph 1 herein, the directors in charge shall bear the joint and several liabilities according to law.

#### CHAPTER 4 CAPITAL REDUCTION AND REPURCHASE OF SHARE

**Article 30** The Company may reduce its registered capital according to the Articles of Association.

Article 22 of  
the Mandatory  
Provisions

**Article 31** The Company shall prepare a balance sheet and a list of assets when reducing its registered capital.

Article 177 of  
Company Law  
Article 23 of  
the Mandatory  
Provisions

The Company shall notify its creditors within 10 days and shall publish public notices in a newspaper at least three times within 30 days as of the date of the Company's resolution for reduction of register capital. A creditor shall have the right to require the Company to pay off debts or provide an appropriate guarantee to pay off debts within 30 days as of the date of receipt of the notice from the Company or within 90 days as of the first date of the public announcement if not receiving the notice.

The registered capital of the Company shall not be lower than the legally required minimum amount after the reduction of capital.

**Article 32** The Company may repurchase its shares upon the approval by relevant competent authorities of China and according to the procedures set forth in the Articles of Association under the circumstances below:

- (1) cancellation of shares for the purpose of reducing its capital;
- (2) merging with other companies that hold shares in the Company;
- (3) awarding shares to the employees of the Company;
- (4) shareholders objecting to resolutions of the general meeting of shareholders concerning merger or division of the Company, requiring the Company to buy their shares; and
- (5) Other circumstances specified by laws and administrative regulations.

Article 142 of  
Company Law  
Article 24 of  
the Mandatory  
Provisions

Saving for the foregoing circumstances, the Company shall not engage in the selling and buying of the Company's shares .

Repurchase of the Company's shares for reasons set out in Clauses (1) to (3) of this Article shall be subject to resolution at a general meeting of shareholders. After the Company has repurchased its shares in accordance with Clause (1) of this Article, such shares shall be cancelled within 10 days after repurchase, or shall be transferred or cancelled within 6 months in the circumstances set out in Clauses (2) and (4). Shares repurchased by the Company in accordance with Clause (3) of this Article shall not exceed 5% of the total shares issued by the Company; the repurchase cost shall be covered by the after-tax profit of the Company; and the shares repurchased shall be transferred to employees within one year.

**Article 33** As approved by relevant authorities, the Company may repurchase its shares by the following means:

- (1) by making a general offer to all of its shareholders for the repurchase of shares on a pro rata basis; Article 25 of the Mandatory Provisions
- (2) by open dealing on a stock exchange;
- (3) by an off-market agreement outside of the stock exchange.

**Article 34** If the Company repurchases its shares by concluding an off-market agreement outside of the stock exchange, it shall obtain prior approval at the Shareholders' Meeting pursuant to the Articles of Association. Upon approval in the same matter at the Shareholders' Meeting, the Company may discharge or amend the said agreement or waive any of its rights there under. The off-market agreement for the repurchase of shares referred to in the preceding paragraph shall include (but not limited to) a document to become obliged to repurchase and acquire the right to repurchase shares of the Company. Article 26 of the Mandatory Provisions

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

In respect of the Company's repurchase of its shares, if the repurchase is made not on the market or through tender, the repurchase price shall not exceed a specified price limit, and if the repurchase is made through tender, the offer shall be made to all shareholders. Paragraphs (1) and (2), Section 8 of Appendix 3 to the Main Board Listing Rules

**Article 35** After the Company repurchases shares in accordance with law, it shall cancel or transfer such shares in accordance with laws and administrative regulations, and shall apply to the Administration for Industry and Commerce of Jiaying City, Zhejiang Province for change in registered capital or shareholding and make announcement accordingly. Article 179 of Company Law Article 27 of the Mandatory Provisions

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

**Article 36** Unless the Company is undergoing liquidation, it shall repurchase its outstanding shares pursuant to the rules below:

- (1) where the Company repurchases shares at par value, payment shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose; Article 28 of the Mandatory Provisions



- (2) where the Company repurchases shares of the Company at a premium to its par value, payment up to the par value shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose. Payment of the portion in excess of par value shall be effected as follows:
  - (i) if the shares being repurchased are issued at par value, payment shall be made from the surplus of its distributable profits;
  - (ii) if the shares being repurchased were issued at a premium to its par value, payment shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose, provided that the amount paid from the proceeds of such new issue shall not exceed the aggregate amount of the premiums received by the Company on issuance of the shares so repurchased or the balance of the Company's capital reserve account (including the premiums on the new issue) at the time of such repurchase.
- (3) The Company shall make payments with its distributable profits for the following expenses:
  - (i) for acquisitions of rights to repurchase its own shares;
  - (ii) for the variation of any contract for the repurchase of its shares;
  - (iii) for release from its obligations under any repurchase contract.
- (4) After the total par value of the shares that are cancelled is deducted from the Company's registered capital, the amount equal to the par value of its shares deducted from its distributable profits shall go to the Company's capital reserve account.

## **CHAPTER 5 FINANCIAL ASSISTANCE FOR THE PURCHASE OF THE COMPANY'S SHARES**

**Article 37** The Company or its subsidiaries shall not offer any financial assistance to anyone who is acquiring or is proposing to acquire shares of the Company by any means at any time. The said purchaser of shares shall include a person who directly or indirectly assumes any obligations incurred for the acquisition of such shares. Article 29 of the Mandatory Provisions

The Company and its subsidiaries shall not, by any means at any time, provide any financial assistance to the said purchaser as referred to above for the purpose of limiting or discharging the obligations assumed by that person.

This Article shall not be applicable to the circumstances described in Article 39 of this Association.

**Article 38** The financial assistance described in this Association shall include but not limited to the means below:

- (1) gifts;
- (2) guarantees (including the guarantor to undertake the liability or offer assets to secure the obligor's performance of obligations), compensation (not including compensation arising out of the Company's own defaults), or release or waiver of any right; Article 30 of the Mandatory Provisions

- (3) provisions of loans or any other agreements where the Company shall fulfill the obligations prior to other parties, or changes in the said loans or parties to agreements, or the assignment of the rights under such loans or agreements;
- (4) any other financial assistance provided by the Company in the event that the Company is insolvent or possesses no net assets, or in the event that its net assets would thereby be reduced to a material extent.

For the purpose of this Chapter, “assuming any obligations” shall include obligations assumed by contract or any arrangement (whether enforceable or unenforceable, and whether made on its own account or with any other persons) or by any other means that result in a change in financial position.

**Article 39** The following cases shall be exempted from Article 37 of this Association:

- (1) the provision of financial assistance by the Company where the financial assistance is provided in good faith in the best interests of the Company, and the principal purpose of which is not for the acquisition of shares, or the provision of financial assistance being an incidental part to a plan;
- (2) the lawful distribution of the Company’s assets in the form of dividends;
- (3) the distribution of dividends in the form of shares;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure effected according to the Articles of Association;
- (5) provision of loans by the Company within its scope of business and in the ordinary course of the business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, financial assistance is provided from distributable profits);
- (6) the provision of monetary assistance for contributions to staff and workers’ stock plans (provided that the net assets are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided from distributable profits).

Article 31 of  
the Mandatory  
Provisions

## CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

**Article 40** The share certificates of the Company shall be in registered forms.

In addition to the matters required by the Company Law and the Special Provisions, the share certificates of the Company shall also contain other matters required by the stock exchange(s) on which the shares are listed.

Article 129 of  
Company Law  
Rule 19A.52 of  
the Main Board  
Listing Rules  
Article 32 of  
the Mandatory  
Provisions

During the period when the H shares are listed on the Hong Kong Stock Exchange, the Company must ensure that all of the documents relating to the title to the shares listed on the Hong Kong Stock Exchange (including H shares) include the statements as follows. The Company shall instruct and procure the share registrars not to register the subscription, purchase or transfer of share in the name of any individual holder unless and until he submits such properly executed forms to the share registrars which shall include the statements as follows:

- (1) agreements among the purchaser of the share, the Company and each shareholder, and between the Company and each shareholder, have been reached to comply with and in accordance with the Company Law, the Special Provisions and other laws, administrative regulations and the Articles of Association.
- (2) the purchaser of the shares and the Company, each of the shareholders, Directors, Supervisors, Manager and other members of senior management of the Company, as well as the Company when acting on behalf of the Company and each director, supervisor, Manager and other members of senior management, agree with each shareholder that all of the disputes and claims arising from the Articles of Association, or any rights and obligations stipulated in the Company Law and other Chinese laws and administrative regulations relating to the Company, shall be referred to arbitration in accordance with the Articles of Association. Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award which is final.
- (3) the purchaser of the shares, the Company and each shareholder agree that the shares of the Company may be freely transferable by the holder.
- (4) the purchaser of the shares authorizes the Company to reach an agreement on behalf of him with each of the directors, Manager and other members of senior management to authorize such directors, Manager and other members of senior management to comply with and perform their duties to the shareholders in accordance with the Articles of Association.

**Article 41** Share certificates of the Company shall be signed by the Chairman of the Board of Directors. In the event that the stock exchange(s) on which the Company's shares are listed require the signatures of other members of senior management of the Company on the share certificates, the share certificates shall also be signed by such members of senior management. The share certificates shall be effective upon being affixed or printed with the seal of the Company or other securities seals specified. The share certificates shall only be sealed with the Company's seal under the authorization of the Board. The signatures of the Chairman of the Board or other members of senior management may be printed.

Letter 1 of  
Opinions on  
Supplementary  
Amendment  
Article 33 of  
the Mandatory  
Provisions  
Paragraph (1),  
Section 2 of  
Appendix 3 to  
the Main Board  
Listing Rules

**Article 42** The Company shall have a register of shareholders to record the following matters:

- (1) the name (title), address (residence), occupation or nature of business of each shareholder;
- (2) the number and class of the shares of each holder;
- (3) the payment made or payable amount for the shares of each holder;
- (4) the certificate numbers of the shares of each holder;
- (5) the date on which each shareholder is entered in the register as a shareholder of the Company;
- (6) the date on which each shareholder ceases to be a shareholder of the Company.

Article 130 of  
Company Law  
Article 34 of  
the Mandatory  
Provisions

Unless there is evidence to the contrary, the register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company.

Where two or more persons are registered as joint shareholders of any shares, they should be deemed as joint owners of relevant shares subject to the followings:

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

- (1) the Company does not have to register more than 4 persons as joint shareholders of any shares;
- (2) the joint shareholders shall, together or individually, pay the amounts payable for relevant shares;
- (3) if any of the joint shareholders dies, only the surviving joint shareholders may be deemed as holders of relevant share of the Company, but the Board of Directors is entitled to require the death certificate which it considers to be proper as regard to the amendment to the register of shareholders; and
- (4) as regard to the joint shareholders for any share, only the person whose name is at the first place on the register of shareholders has the rights to receive the certificate of relevant shares and notice from the Company and to attend or exercise all of the votes relating to the shares. The notice which is serviced on the above-mentioned person should be deemed to be serviced on all of the joint shareholders of relevant shares.

**Article 43** The Company may maintain the register of shareholders outside China and appoint an overseas agent to manage the register of shareholders in accordance with the memorandum of understanding or agreement concluded with the China Securities Regulatory Commission and overseas securities regulatory authorities. The original register of shareholders for foreign shares listed in Hong Kong shall be maintained in Hong Kong.

Article 35 of  
the Mandatory  
Provisions  
Letter 2 of  
Opinions on  
Supplementary  
Amendment

A duplicate copy of the register of shareholders for the holders of overseas-listed foreign shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall at all times ensure consistency between the original and the duplicate copy of the register of shareholders.

Paragraph (b),  
Section 1 of  
Appendix 13D  
to the Main  
Board Listing  
Rules

In the event of any inconsistency between the original and the duplicate copy of the register of shareholders for overseas-listed foreign shares, the original register of shareholders shall prevail.

**Article 44** The Company shall maintain a complete register of shareholders.  
The register of shareholders shall include:

- (1) the register of shareholders that is maintained at the Company's residence (other than those share registers described in Clause (2) and Clause (3) below);
- (2) the register of shareholders in respect of the holders of overseas-listed foreign shares that is maintained in the same place as the overseas stock exchange on which the shares are listed;
- (3) the registers of shareholders that are maintained in such other places as the Board of Directors may consider necessary for the purpose of listing the Company's shares.

Article 36 of  
the Mandatory  
Provisions

**Article 45** Parts of the register of shareholders shall not overlap. No transfer of shares registered in any part of the register shall, during the continuous period of such registration, be registered in any other part of the register. Article 37 of the Mandatory Provisions

Amendments to, or correction to, any part of the register of shareholders, shall be made in accordance with the laws of the jurisdiction where such part of the register is maintained.

**Article 46** Fully paid overseas listed foreign shares may be freely transferred pursuant to the Articles of Association. However, unless the transfer complies with the following conditions, the Board of Directors may refuse to process with transfer documents without stating any reasons therefor:

- (1) That transferring and other documents relating to or affecting the title to any registered securities shall be registered and the fee or fees levied pursuant to the Rules Governing the Listing of Securities on Hong Kong Stock Exchange is/are paid to the Company; Paragraph (1), Section 1 of Appendix 3 to the Main Board Listing Rules
- (2) The transferring documents relate only to H shares;
- (3) The stamp duty payable on the transferring documents had been paid; Letter 12 of Opinions on Supplementary Amendment
- (4) right to transfer stock be reasonably required by the board of directors;
- (5) If the stock is to be transferred to joint owners, the number of the joint owners shall not exceed four;
- (6) The stock is free from all lien; and
- (7) No share shall be transferred to minors, mentally disabled persons or any persons without legal capacity.

**Article 47** Following share transfer, the name of the transferee shall be registered in the register of shareholders as holders of shares. Article 139 of Company Law

If the Company refuses to register any transfer of shares, the Company shall within two months of formal application for the transfer provide the transferor and transferee with a notice of refusal to register such transfer.

**Article 48** All issue or subsequent transfer of H shares shall be registered in the register of shareholders maintained in Hong Kong in accordance with Article 42 of this Association.

**Article 49** Any overseas listed foreign shareholder may transfer by the standard form of transfer of the place of listing or the form of transfer signed or bearing machine printed signatures all or any part of his shares. The H Shares may be transferred by using the standard transfer form specified by the Hong Kong Stock Exchange. The transfer document may be manually signed or signed in printing if the transferor or transferee is a recognized clearing institution defined under the Hong Kong Securities and Futures Ordinance or its agent. Transfer of the shares held by non-listed foreign shareholders is subject to the applicable laws and regulations of China.

All instruments of transfer shall be maintained at the legal address of the Company or addresses as the board of directors may designate from time to time.

**Article 50** Within 30 days from the date of Shareholders' Meeting or 5 days from the record date for the Company's distribution of dividends, no change shall be made in the register of shareholders as a result of transfer of shares. Article 38 of the Mandatory Provisions

**Article 51** When the Company calls for a Shareholders' Meeting, distributes its dividends, conducts liquidation or executes any other act requiring identification of shareholders, the Board shall fix the share registration date, at the end of which the shareholders in the register shall be shareholders of the Company. Article 39 of the Mandatory Provisions

**Article 52** Any person who objects to the register of shareholders and claims to be entitled to have his name (title) entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for an amendment of the register. Article 40 of the Mandatory Provisions

**Article 53** For any person who is a registered shareholder or who claims to be entitled to have his name (title) entered in the register of shareholders in respect of shares in the Company, if his share certificate (hereinafter, "original share certificate") is lost, he may apply to the Company for a replacement share certificate in respect of such shares (hereinafter, the "Relevant Shares"). Article 41 of the Mandatory Provisions

**Article 54** Applications for a replacement share certificate by shareholders of domestic shares and non-listed foreign shares shall be addressed pursuant to Article 143 of the Company Law. Article 41 of the Mandatory Provisions

**Article 55** Applications for a replacement share certificate by holders of overseas-listed foreign shares shall be addressed pursuant to the laws, the rules of the stock exchange, or other relevant regulations of the jurisdiction in which the original register of shareholders for overseas-listed foreign shares is maintained. Article 41 of the Mandatory Provisions

**Article 56** With respect to holders of H shares who have lost their share certificates and file an application to the Company for a new share certificate, it shall be handled in compliance with the following requirements: Article 41 of the Mandatory Provisions

- (1) The applicant shall submit an application to the Company in a prescribed form along with a notarization or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss. Moreover, the applicant shall declare that no other person shall be entitled to have his name entered into the register of shareholders with respect to the Relevant Shares.
- (2) The Company shall not have received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders with respect to such shares prior to the issue of a replacement share certificate to the applicant.
- (3) In the event that the Company intends to issue a replacement share certificate to an applicant, it shall publish an announcement of such intention at least once every 30 days within a period of 90 days in the newspaper as prescribed by the Board.
- (4) Prior to its publication, the Company shall deliver, to the stock exchange on which its shares are listed, a copy of aforementioned announcement. The Company may publish the announcement upon receipt of confirmation from such stock exchange confirming the announcement has been exhibited on the premises of said stock exchange. Such announcement shall be exhibited on the premises of the stock exchange for a period of 90 days.

In case an application for a replacement share certificate is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver, by mail, to such registered shareholder a copy of the announcement to be published.

- (5) Upon expiration of the 90-day period referred to in the Clauses (3) and (4) of this Article, the Company may issue the replacement share certificate to the applicant in the event that the Company has not received any objections from any person with respect to the issuance of a replacement share certificate.
- (6) When the Company issues a replacement share certificate pursuant to the provisions of this Article, it shall cancel the original share certificate and record the cancellation of said original share certificate, along with the issuance of the replacement share certificate in the register of shareholders.
- (7) All expenses relating to the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant, and the Company shall have the right to refuse to take any action until reasonable guarantee is provided by the applicant.

**Article 57** Where the Company issues a replacement share certificate pursuant to the Articles of Association, as for a bona fide purchaser obtaining the new share certificate referred to above or a shareholder registered as a owner of the relevant shares (in case of a bona fide purchaser), his name (title) shall not be removed from the register of shareholders. Article 42 of the Mandatory Provisions

**Article 58** The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the said person claiming damage proves that the Company has committed a fraud. Article 43 of the Mandatory Provisions

## CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

**Article 59** The shareholders of the Company refer to the legal holders of shares of the Company, whose names (titles) are registered in the register of shareholders of the Company.

The shareholders shall enjoy rights and assume obligations on the basis of the class and amount of shares held. Shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations. All shareholders of different classes shall rank *pari passu* among themselves as to dividends or distributions in any other form. Article 44 of the Mandatory Provisions Section 9 of Appendix 3 to the Main Board Listing Rules

**Article 60** The Company's shareholders of ordinary shares shall enjoy the following rights:

- (1) the right to receive dividends and other distributions proportional to the number of shares held; Article 97 of Company Law Article 45 of the Mandatory Provisions Rule 19A.50 of the Main Board Listing Rules
- (2) the right to attend Shareholders' Meeting either in person or by proxy and exercise the voting right;
- (3) the right to supervise, advise or inquire the operating activities of the Company;
- (4) the right to transfer, bestow, or pledge the shares held according to laws and regulations and the Articles of Association;

- (5) the right to be provided with relevant information in accordance with provisions of the Articles of Association, including:
1. to obtain a copy of the Articles of Association, subject to payment of the cost;
  2. to inspect and to make duplicate copies, subject to payment at a reasonable charge, of the followings:
    - (i) all parts of the register of shareholders;
    - (ii) personal profiles of the Company's Directors, Supervisors, Manager and other members of senior management including:
      - (a) their present and former names and aliases;
      - (b) their principal addresses (residence);
      - (c) their nationalities;
      - (d) their full-time and all other part-time occupations and duties;
      - (e) their identification documents and the numbers thereof.
    - (iii) report(s) on the Company's share capital;
    - (iv) the latest audited financial report, the report of the Board of Directors, the report of auditors, and the report of the Board of Supervisors of the Company;
    - (v) special resolutions of the Company;
    - (vi) report(s) showing the aggregate par value, number, maximum and minimum price paid with respect to each class of shares repurchased by the Company since the end of the last financial year, and the aggregate amount incurred by the Company for this purpose;
    - (vii) a copy of the annual inspection report that has been filed with the administration of industry and commerce or other competent authorities in China; and
    - (viii) minutes of Shareholders Meeting, and resolutions of the board of directors and supervisory board;

The Company shall make available the documents mentioned in Clauses (i) to (viii) other than Clause (ii) above and other applicable documents at its Hong Kong office for inspection, free of charge, by the public and shareholders in accordance with requirements of the Rules Governing the Listing of Securities on Hong Kong Stock Exchange (the documents mentioned in Clause (viii) shall be available for inspection by shareholders only).

If any shareholder needs to access the relevant information as set out in the preceding article, the said shareholder shall provide the Company with written documents evidencing the type and number of shares held by the said shareholder, and the Company shall provide such information as required by the said shareholder upon authentication of the shareholder.



- (6) the right to receive distribution of the remaining assets proportional to the number of shares held when the Company dissolves or liquidates;
- (7) other rights conferred by the laws and regulations and the Articles of Association of the Company.

The Company shall not otherwise stay or infringe any rights attached to any shares on the sole basis that the holders of such shares with direct or indirect interests in such shares have failed to disclose the said interests to the Company.

**Article 61** The shareholders of ordinary shares shall assume the following obligations:

- (1) to observe the Articles of Association;
- (2) to effect payment for the subscription of shares according to the number of shares subscribed and the method of contribution;
- (3) to assume other obligations as the laws and regulations and the Articles of Association require.

Article 46 of  
the Mandatory  
Provisions

Shareholders are not liable to further contribution to the share capital other than such terms as agreed upon by the subscriber of the relevant shares on subscription.

**Article 62** Besides the obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder (as defined below) shall not exercise his voting rights with respect to the following matters in a manner that is prejudicial to the interests of the shareholders, collectively or individually:

- (1) to relieve a Director or Supervisor from liability to act honestly in the best interests of the Company;
- (2) to allow the expropriation by a Director or Supervisor (for his own benefit or for the benefit of other person(s)), in any manner, of the Company's assets, including (but not limited to) any opportunities deemed beneficial to the Company;
- (3) to allow the expropriation by a Director or Supervisor (for his own benefit or for the benefit of other person(s)) of the individual rights of other shareholders, including (but not limited to) the rights to distributions and vote (except pursuant to a restructuring proposed to shareholders for approval at a Shareholders' Meeting in accordance with the Articles of Association).

Article 47 of  
the Mandatory  
Provisions

**Article 63** For the purpose of the preceding Article, a "controlling shareholder means a person who satisfies any one of the following conditions:

Article 48 of  
the Mandatory  
Provisions

- (1) a person who, acting alone or in concert with others, has the power to elect more than half of the Directors;
- (2) a person who, acting alone or in concert with others, has the power to exercise or to control the exercise of 30% or more of the voting rights in the Company;

- (3) a person who, acting alone or in concert with others, holds 30% or more of the issued and outstanding shares of the Company;
- (4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

## **CHAPTER 8 SHAREHOLDERS' MEETING**

**Article 64** Shareholders' Meeting shall be the authoritative body of the Company and shall exercise its functions and powers in accordance with the law.

Article 49 of  
the Mandatory  
Provisions

**Article 65** Shareholders' Meeting shall possess the following functions and powers:

Article 38 of  
Company Law  
Article 50 of  
the Mandatory  
Provision

- (1) to decide on the Company's operational policies and its investment plans;
- (2) to elect and replace Directors and to decide on the matters relating to the remuneration of Directors;
- (3) to elect and replace shareholders' representative Supervisors, and decide on matters relating to the remuneration of the relevant Supervisors;
- (4) to examine and approve reports of the Board of Directors;
- (5) to examine and approve reports of the Board of Supervisors;
- (6) to examine and approve the Company's proposed annual preliminary and final financial budgets;
- (7) to examine and approve the Company's profit distribution and loss recovery plans;
- (8) to decide on the increase or reduction of the Company's registered capital;
- (9) to decide on such matters as merger, division, dissolution, liquidation or change in the form of the Company;
- (10) to decide on the issuance of debentures by the Company;
- (11) to decide on the engagement, dismissal or non-reappointment of the Company's accounting firm;
- (12) to amend the Articles of Association;
- (13) to consider any motions raised by shareholders who hold 3% or more of the voting shares of the Company;
- (14) to decide on any other matters as the laws and regulations and the Article of Association of the Company specify.

**Article 66** The Company shall not conclude an agreement to transfer the management of all or important parts of its business to others except Directors, Supervisors, Manager and other members of senior management without prior approval at the Shareholders Meeting. Article 51 of the Mandatory Provisions

**Article 67** The Shareholders' Meeting shall include annual general meetings and extraordinary general meetings. Annual general meetings shall be called by the Board of Directors and held once every year, and within 6 months of the end of the preceding financial year. Article 100 of Company Law Article 52 of the Mandatory Provisions

The Board shall convene an extraordinary general meeting within 2 months under any of the following circumstances:

- (1) when the number of directors is less than that required by the Company Law or is less than two thirds of the numbers required by the Articles of Association;
- (2) when the Company fails to recover the loss amounting to over one third of the share capital;
- (3) when shareholder(s) holding 10% or more of the Company's issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;
- (4) when deemed necessary by the Board of Directors or the Board of Supervisors motions to call an extraordinary general meeting.

**Article 68** When the Company convenes the Shareholders' Meeting, written notices of the meeting shall be provided in no less than 45 days prior to the date of the meeting to notify all the shareholders registered in the register of shares with respect to the matters to be considered, and the date and the place of the meeting. A shareholder who intends to attend the meeting shall deliver his written reply concerning his attendance in no less than 20 days before the date of the meeting. Article 102 of Company Law Article 53 of the Mandatory Provisions

**Article 69** At the annual general meeting held by the Company, shareholders severally or jointly holding 3% or more of the total voting shares of the Company are entitled to propose new resolutions in writing to the Company. The Company shall place such resolutions on the agenda for such meeting if they are matters falling within the scope of duties of the Shareholders Meeting. Article 102 of Company Law Article 54 of the Mandatory Provisions

**Article 70** The Company shall, based on the written replies received from shareholders, calculate the number of voting shares represented by the shareholders who intend to attend the meeting 20 days prior to the date of the general meeting of shareholders. In the event that the number of voting shares represented by the shareholders who intend to attend the meeting represents one half or more of the Company's total voting shares, the Company may hold the meeting. If otherwise, then the Company shall, within 5 days, notify the shareholders again by public notice of the matters to be considered, and the place and the date for the meeting. The Company may hold the meeting following the publication of such notice. Article 55 of the Mandatory Provisions

No matters unspecified in the notice of extraordinary general meeting shall be decided on at such meeting.

**Article 71** The notice of the Shareholders' Meeting shall:

- (1) be in writing;
- (2) specify time, date and place of the meeting;

- (3) describe matters for consideration at the meeting;
- (4) provide such necessary information and explanations for shareholders to make an informed judgment on the matters to be considered. Without limitation to the generality of the foregoing, where a proposal is made with respect to the merger of the Company with another company, the repurchase of shares, the restructuring of share capital, or the restructuring of the Company in any other manner, the terms of the proposed transaction must be provided in detail along with copies of the proposed agreement, if any, and the reason(s) and effect of such proposal must be properly explained;
- (5) contain a disclosure of the nature and extent, if any, of the material interests of any Director, Supervisor, the General Manager, or other members of senior management in the proposed transaction and the effect of the transaction in their capacity as shareholders to the extent that it is different from the effect on the interests of shareholders of the same class;
- (6) contain the full text of any special resolution proposed to be passed at the meeting;
- (7) state clearly that a shareholder is entitled to attend and vote at the meeting, and to appoint one or more proxies to attend and vote on his behalf, and that a proxy need not be a shareholder;
- (8) specify the time and place for delivering proxy forms for the relevant meeting;
- (9) stating the names and contact telephone numbers of the standing contact persons in connection with the meeting.

That a copy of either the directors 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.

Section 5 of  
Appendix 3 to  
the Main Board  
Listing Rules

**Article 72** Notice of general meeting of shareholders shall be served on each shareholder (whether or not entitled to vote at the meeting), by personal delivery or prepaid mail to their addresses as shown in the register of shareholders. For the holders of domestic shares, notices of the general meeting may also be issued by way of public announcements.

Article 57 of  
the Mandatory  
Provisions

The public announcement as referred to in the preceding paragraph shall be published in 1 or more national newspapers designated by the China Securities Regulatory Commission within 45 days to 50 days prior to the date of the meeting. Upon publication of such announcements, the holders of domestic shares shall be deemed to have received the notice for the Shareholders' Meeting.

**Article 73** An accidental failure to serve notice of a meeting on, or the non-receipt of such notice by, any person entitled to receive such notice shall not invalidate the meeting or the resolutions passed.

Article 58 of  
the Mandatory  
Provisions

**Article 74** Any shareholder entitled to attend and vote at the Shareholders' Meeting shall be entitled to appoint to entrust one or several persons (whether a shareholder or otherwise) as his proxy/proxies to attend and vote on his behalf. A proxy so appointed shall have:

Article 106 of  
Company Law  
Article 59 of  
the Mandatory  
Provisions

- (1) the right to speak at the meeting;

- (2) the right to demand or join in demand for a poll;
- (3) the right to vote by poll, but the proxies of a shareholder who has appointed more than one proxy may only vote by poll.

**Article 75** The proxy form shall be in writing, either to be executed by the appointer or by power of attorney. Should the appointer be a legal entity, then such proxy form shall be executed with the company seal or by its Directors or the legal representative. Such instrument shall specify the number of shares represented by each proxy. Article 60 of the Mandatory Provisions

The letter of attorney produced by the Shareholder to consign others to participate in the General Meeting shall indicate the following:

- (1) Name of the proxy;
- (2) Whether the proxy has voting rights;
- (3) instructions to cast affirmative, negative or abstention votes on each review issue listed in the agenda of the General Meeting;
- (4) date of issuance and valid term of the letter of attorney;
- (5) signature (or seal) of the appointing party. If the appointing party is an institutional Shareholder, the letter of attorney shall be affixed with the common seal of the institution;
- (6) the number of Shares of the appointing party in respect of which the proxy is given.

If more than one person are appointed as proxies, the letter of attorney shall state the number of Shares in respect of which the proxy is given to each such person.

**Article 76** The proxy form shall be maintained at the residence of the Company or at such other locations as specified for that purpose in the notice regarding the convening of the meeting in no less than 24 hours prior to the time of the meeting at which the proxy proposes to vote, or the time appointed for voting. In the event that such instrument is signed by another person authorized by the appointer, the authorization or other authorization instrument shall be notarized, and such notarized authorization or other instrument shall be maintained at the residence of the Company or at such other locations as specified for that purpose in the notice regarding the convening of the meeting at the same time. In the event that an appointer is a legal entity, its legal representative or such person as authorized by a resolution of its Board of Directors or other governing body may attend the Company's general meeting in the capacity of a representative. For the purpose of the Articles of Association, the attending of and voting at such meeting by the appointee shall be deemed to be done by the appointer. Article 61 of the Mandatory Provisions Paragraph (2), Section 11 of Appendix 3 to the Main Board Listing Rules

Where the shareholder is a recognised clearing house (or its proxy) defined by the Hong Kong relevant Ordinance from time to time, the shareholder may authorise one or more persons it considers appropriate as its representative(s) at any shareholders' general meeting or any category shareholders meeting; however, if more than one person are authorised, the power of attorney shall contain the number and class of shares for which such persons are authorised, and shall be signed by an authorised personnel of the recognised clearing house. The person(s) so authorised can represent the recognised clearing house (or its proxy) to attend the meeting and exercise its right, as if the persons are the Company's individual shareholders, and shall not be required to produce evidence of shareholding, the notarised power of attorney and/or further evidence to prove that he/ she/they have been duly authorised.

**Article 77** Any form issued to a shareholder by the Board of Directors for the appointment of a proxy by the shareholder for attendance and voting at a meeting shall enable the shareholder to instruct the proxy to vote for or against each resolution with respect to businesses transacted at the meeting. Such forms shall contain a statement which states that, in the absence of instructions by the shareholder, the proxy may vote in the proxy's own discretion.

Article 62 of the Mandatory Provisions Paragraph (1), Section 11 of Appendix 3 to the Main Board Listing Rules

**Article 78** A vote provided in according to the instruments in such proxy forms shall be valid, notwithstanding the previous death or loss of capacity of the appointer or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares with respect to which the proxy is given, provided that no notice in writing of such matters shall have been received by the Company prior to the commencement of the meeting at which the proxy is used.

Article 63 of the Mandatory Provisions

**Article 79** A proxy who attends a Shareholders' Meeting on behalf of a shareholder shall produce his identification document. If a shareholder who is a legal person appoints its legal representative to attend the meeting, the legal representative shall produce his identification document and a notarially certified copy of the resolution or form of proxy of the Board of Directors or other governing body of the legal person (other than a Recognized Clearing House or its nominee) authorizing the legal representative.

**Article 80** There are two kinds of resolutions made at the Shareholders' Meeting, ordinary resolutions and special resolutions.

Article 103 of Company Law Article 64 of the Mandatory Provisions

An ordinary resolution must be approved by votes representing more than one-half of the voting rights of the shareholders (including proxies) present at the meeting.

A special resolution must be approved by the votes representing more than two thirds of the voting rights of the shareholders (including proxies) present at the meeting.

**Article 81** A shareholder (including proxy), when voting at a Shareholders' Meeting, shall exercise voting rights in accordance with the number of his shares carrying the voting rights and each share shall have one vote.

Article 103 of Company Law Article 65 of the Mandatory Provisions Section 14 of Appendix 3 to the Main Board Listing Rules

If any shareholder should waive his/her voting right on a particular matter, or is restricted to vote only for or against the matter, in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, such shareholder should waive his/her voting right or abstain from voting in accordance with the provisions therein; any vote casted by or on behalf of any shareholder in violation of such provisions or restriction shall not be counted into the poll result.

**Article 82** Votes of the shareholders' general meeting shall be taken by raising hands for resolutions, unless the following persons require voting before or after any vote by raising hands for resolutions: Article 66 of the Mandatory Provisions

- (1) the chairman of the meeting;
- (2) at least two shareholders with voting rights or their proxies;
- (3) one or several shareholders (including proxies) holding totally 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 83** A poll demanded on the election of chairman of the meeting or a question of adjournment of the meeting shall be taken forthwith. A poll demanded on any other matters shall be taken at the time decided by the chairman of the meeting, and the meeting may proceed to consider and vote on other matters. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded. Article 67 of the Mandatory Provisions

**Article 84** At a poll taken at a meeting, a shareholder (including proxy) entitled to 2 or more votes need not cast all his votes in the same manner. Article 68 of the Mandatory Provisions

**Article 85** In case of an equality of votes by show of hands or by poll, the chairman of the meeting shall be entitled to have a casting vote. Article 69 of the Mandatory Provisions

**Article 86** The following matters shall be resolved by ordinary resolutions at the Shareholders' Meeting: Article 103 of Company Law Article 70 of the Mandatory Provisions

- (1) reports of the Board of Directors and the Board of Supervisors;
- (2) any plans for the distribution of profits and for recovering losses formulated by the Board of Directors;
- (3) removal of the members of the Board of Directors and Supervisors on behalf of shareholders, and decision on their remuneration and methods of payment;
- (4) preliminary and final annual budgets, balance sheets, profit accounts, and other financial statements of the Company;
- (5) other matters other than those required by laws, administrative regulations, or by the Articles of Association to be approved by a special resolution.

**Article 87** The following matters shall be resolved by special resolutions at the Shareholders' Meeting:

- (1) the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities;
- (2) the issue of debentures of the Company;
- (3) the division, merger, dissolution, liquidation or change in the form of the Company;
- (4) the amendments to the Articles of Association;
- (5) other matters that ordinary resolutions have been made at the Shareholders' Meeting indicating that resolutions regarding such matters will substantially impact the Company and such matters need to be passed by special resolutions.

Article 103 of  
Company Law  
Article 71 of  
the Mandatory  
Provisions

**Article 88** When requesting the convening of an extraordinary general meeting or a class meeting, it shall be handled according to the following procedures:

Article 72 of  
the Mandatory  
Provisions

- (1) Shareholder(s), individually or jointly holding an aggregate of 10% or more of the shares carrying the right to vote at the meeting shall sign one or more written requests of the same form stating the object of the meeting and requesting that the Board of Directors convene an extraordinary general meeting or a class meeting thereof. The Board of Directors shall convene an Extraordinary or a class general meeting responsively after receipt of such request. The aforesaid amount of shareholding is calculated as on the day when the shareholders make the request in writing.
- (2) If the Board of Directors fails to send notification of the meeting within 30 days from the date of the receipt of such request, requesting Shareholders may call the meeting within 4 months of the date of the receipt of such request by the Board of Directors, and the procedures for calling the meeting shall remain as the Board of Directors would call the meeting. Where shareholders convene a meeting due to the failure by the Board of Directors to duly convene the same, all reasonable expenses so incurred shall be reimbursed by the Company, and any sum so reimbursed shall be set-off against such sums owed by the Company to the defaulting directors.

**Article 89** The Chairman of the Board of Directors shall preside over the Shareholders' Meeting.

If the Chairman of the Board is unable to attend the meeting for any reason, the meeting shall be chaired by the Vice Chairman of the Board. If both the Chairman of the Board and the vice Chairman of the Board are unable to attend the meeting, the Board of Directors may appoint a director of the Company to call and chair the meeting. In the event that no chairman of the meeting is so designated, the attending shareholders shall elect one of the directors to act as the chairman of the meeting. In the event that, for any reasons, the shareholders fail to elect a chairman, then the shareholder holding the largest number of the voting shares present in person or by proxy shall be the chairman of the meeting.

Article 101 of  
Company Law  
Article 73 of  
the Mandatory  
Provisions

**Article 90** The chairman of the meeting shall be responsible for determining whether a resolution has been passed, and such decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes thereof.

Article 74 of  
the Mandatory  
Provisions



**Article 91** In the event that the chairman of the meeting has any doubt as to the voting result of any resolution at Shareholders' Meeting, the chairman shall have the power to have the votes counted. In the event that the chairman of the meeting does not have the votes counted, any shareholder present in person or by proxy, who objects to the result announced by the chairman of the meeting, may immediately following the declaration of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

Article 75 of  
the Mandatory  
Provisions

**Article 92** If the votes are counted at the Shareholders' Meeting, the counting result shall be recorded in the meeting minutes. Minutes shall be kept in respect of all resolutions passed at a Shareholders' Meeting and signed by directors present at the meeting. The minutes, together with the shareholders' attendance list and powers of attorney for attending by proxy, shall be kept at the domicile of the Company.

Article 107 of  
Company Law  
Article 76 of  
the Mandatory  
Provisions

**Article 93** Copies of the minutes of the Shareholders' Meeting shall be open for inspection by any shareholder free of charge during the business hours of the Company. In the event that a shareholder requests a copy of such minutes from the Company, the Company shall send the copy to such shareholder within 7 days upon the receipt of reasonable fees thereof.

Article 77 of  
the Mandatory  
Provisions

## CHAPTER 9 SPECIAL PROCEDURES FOR THE VOTING BY CLASS SHAREHOLDERS

**Article 94** Shareholders who hold different classes of shares shall be known as class shareholders. Class shareholders shall be entitled to rights and assume obligations according to the laws, regulations and the Articles of Association. Where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares.

Article 78 of  
the Mandatory  
Provisions  
Paragraphs (1)  
and (2), Section  
10 of Appendix  
3 to the Main  
Board Listing  
Rules

Where the share 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 95** Rights conferred on any class of shareholders in the capacity of shareholders may not be varied or abrogated unless approved by a special resolution of shareholders at a general meeting and by the class shareholders so affected at a separate meeting conducted according to Articles 97 to 101. That the quorum for a separate class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the holders of at least one-third of the issued shares of the class.

Article 79 of  
the Mandatory  
Provisions  
Paragraph (2),  
Section 6 of  
Appendix 3 to  
the Main Board  
Listing Rules

**Article 96** The following circumstances shall be deemed as a variation or abrogation of rights of a class shareholder:

- (1) an increase or decrease in the number of shares of such class, or an increase or decrease in the number of shares of another class having voting rights or distribution rights or other privileges equal to or superior to those of the shares of such class;
- (2) the conversion of all or part of the shares of such class into the shares of another class or the conversion or creation of a right of conversion of all or part of the shares of another class into the shares of such class;
- (3) the removal or reduction of rights to receive accrued dividends or rights to cumulative dividends attached to the shares of such class;

Article 80 of  
the Mandatory  
Provisions

- (4) the reduction or removal of the preferential rights attached to the shares of such class for the receipt of dividends or for the distribution of assets in the event that the Company is liquidated;
- (5) the addition, removal or reduction of the rights of conversion, options rights, voting rights, transfer rights, pre-emptive rights, or rights to acquire securities of the Company attached to the shares of such class;
- (6) the removal or reduction of the rights to receive payment receivable from the Company in the particular currencies attached to the shares of such class;
- (7) the creation of a new class of shares having voting rights or distribution rights or other privileges equal to or superior to those of the shares of such class;
- (8) the restriction of the transfer or ownership of the shares of such class or the imposition of stricter restrictions thereof;
- (9) the issue of any rights to subscribe for, or to convert into, shares in the Company of the same class or another class;
- (10) the enhancement of rights or privileges of the shares of other classes;
- (11) the restructuring of the Company pursuant to which shareholders of different classes assume disproportionate liability;
- (12) the revision or abrogation of the provisions of this Chapter.

**Article 97** The class shareholders so affected, whether or not otherwise entitled to vote at a general meeting of shareholders, shall nevertheless be entitled to vote at any class meetings with respect to matters set forth in Clauses (2) to (8), (11) to (12) of Article 96, but interested shareholder(s) shall not be entitled to vote in class meetings.

An “interested shareholder” as used in this Article, shall mean:

Article 81 of  
the Mandatory  
Provisions

- (1) in the case of a repurchase of shares by offers to all shareholders of the Company or by open dealing on a stock exchange pursuant to Article 33 of the Articles of Association, a “controlling shareholder” as defined in Article 63;
- (2) in the case of a repurchase of shares by an off-market agreement pursuant to Articles 33 of the Articles of Association, a holder of the shares to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, an “interested shareholder” would mean a shareholder who assumes less liability than any shareholders of the same class or who has an interest in the proposed restructuring different from the interests of shareholders of the same class.

**Article 98** A resolution in a class meeting shall be passed by votes representing two thirds or more of the voting rights of shareholders of that class in the relevant meeting who are entitled to vote at the class meetings according to Article 97.

Article 82 of  
the Mandatory  
Provisions

**Article 99** A written notice of a class meeting shall be given 45 days prior to the date of the class meeting to notify all of the registered shareholders of such class of the matters to be considered, the date and the place of the class meeting.

Article 83 of  
the Mandatory  
Provisions

A shareholders who intends to attend the class meeting shall deliver his written reply for the attendance at the meeting 20 days prior to the date of the meeting. In the event that the shareholders who intend to attend such a meeting represent more than half of the total number of voting shares of that class, the Company may hold the class meeting; otherwise, the Company shall within 5 days notify the shareholders of the class, again by public notice, of the matters to be considered as well as the date and place for the class meeting. The Company may then hold the class meeting after the publication of such notice.

**Article 100** Notice of class meetings need only be served on those shareholders entitled to vote at class meetings.

Article 84 of  
the Mandatory  
Provisions

Meetings of any class of shareholders shall be conducted in as similar a manner as that of Shareholders' Meeting. The provisions of the Articles of Association relating to the manner of conducting any Shareholders' Meeting shall apply to any meeting of a class of shareholders.

**Article 101** Apart from the holders of other classes of shares, holders of domestic shares and holders of non-listed foreign shares shall be deemed to be of the same class; holders of domestic shares and holders of overseas listed foreign shares shall be deemed to be of different classes; and holders of non-listed foreign shares and holders of overseas listed foreign shares shall be deemed to be of different classes.

Article 85 of  
the Mandatory  
Provisions  
Paragraphs (f)  
(i) and (ii),  
Section 1 of  
Appendix 13D  
to the Main  
Board Listing  
Rules

The special procedures for voting of class shareholders shall not apply under the following circumstances:

- (1) where, upon approval by a special resolution passed at a Shareholders' Meeting (subject to the unconditional authorization or the terms and conditions stipulated in the resolution), the Company authorizes, allocates or issues domestic shares and overseas listed foreign shares either separately or concurrently once every twelve months, and the number of each of the domestic shares and overseas listed foreign shares to be issued does not exceed 20% of the number of the respective outstanding shares;
- (2) where such shares are part of a plan of the Company to issue domestic shares or overseas listed foreign shares at its establishment, which has been completed within 15 months of the approval by the Securities Commission of the State Council or other competent regulatory bodies under the State Council.
- (3) Upon the approval of the China Securities Regulatory Commission, a holder of domestic shares of the Company may transfer his or her shares to overseas investors who may list and trade such shares overseas.

## CHAPTER 10 BOARD OF DIRECTORS

**Article 102** The Company shall establish the Board of Directors consisting of nine Directors, of which one is the Chairman, one is the Vice Chairman and three are independent non-executive Directors, being the Directors who are independent of the shareholders of the Company and do not hold any positions in the Company.

Article 81,  
108, 109 of  
Company Law  
Article 84 of  
the Mandatory  
Provisions

**Article 103** Directors shall be elected at the Shareholders' Meeting, with a term of office of three years. Directors may be eligible for re-election upon expiration of the term.

Article 108 of  
Company Law  
Article 87 of  
the Mandatory  
Provisions  
Letter 4 of  
Opinions on  
Supplementary  
Amendment

A written notice of the intention of nomination of a Director candidate and of his willingness to be elected shall be sent to the Company seven days prior to the date of the Shareholders' Meeting.

Without violating the relevant laws, regulations and regulatory rules in connection with listing of the Company, the term of appointment of the newly elected director to fill a casual vacancy in the Board or any director appointed so as to increase the number of directors will be effective from the date of appointment to the next annual general meeting of the Company and such director will then be eligible for re-election.

Paragraph (2),  
Section 4 of  
Appendix 3 to  
the Main Board  
Listing Rules

That the minimum length of the period, during which notice to the issuer of the intention to propose a person for election as a director and during which notice to the issuer by such person of his willingness to be elected may be given, will be at least 7 days. (the period for lodgment of the notices will commence no earlier than the day, the issuer dispatching the notice of the meeting to be convened for such election and end no later than 7 days prior to the date of such meeting.)

Paragraphs (4)  
and (5), Section  
4 of Appendix  
3 to the Main  
Board Listing  
Rules

The Chairman and the Vice Chairman shall be elected and removed with approval of more than half of all the directors. The Chairman and the Vice Chairman shall hold office for a period of three years and are eligible for re-election.

Subject to relevant laws and administrative regulations, shareholders may remove any Director whose term of office has not expired by ordinary resolution at a Shareholders' Meeting, without prejudice to any claims as may be brought in accordance with any agreement.

Rules 3.10 and  
3.10A of the  
Main Board  
Listing Rules  
Rule 19.18(1)  
of the Main  
Board Listing  
Rules

A Director needs not to hold any shares of the Company.

The Board of Directors shall consist of at least three independent non-executive Directors, representing at least one thirds of its total number. At least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise. Moreover, at least one of the independent non-executive Directors must be ordinarily resident in Hong Kong.

**Article 104** The Board of Directors shall be accountable to the shareholders at general meetings, and shall exercise the following functions and powers:

- (1) to be responsible for the convening of and reporting to the Shareholders Meeting;
- (2) to implement the resolutions passed by the Shareholders' Meeting;
- (3) to determine the Company's business plans and investment proposals;
- (4) to formulate the Company's preliminary and final annual financial budgets;
- (5) to formulate the Company's profit distribution proposal and loss recovery proposal;
- (6) to make plans for the Company's increasing or decreasing its registered capital and issuing bonds;
- (7) to formulate plans for the Company's merger, division, or dissolution;

Article 88 of  
the Mandatory  
Provisions  
Article 47, 81  
of Company  
Law

- (8) to decide on the Company's internal management structure;
- (9) to appoint or remove the Company's General Manager and to engage or remove the Company's deputy general manager and other members of senior management including the chief financial officer, and to decide on their remuneration and payment method;
- (10) to formulate the Company's basic management system;
- (11) to formulate proposals for any amendment to the Company's Articles of Association;
- (12) to exercise any other functions and powers conferred upon by the Articles of Association or the Shareholders' Meeting of the Company.

Resolutions regarding Clause (6), Clause (7) and Clause (11) above shall be passed by over two thirds of the total number of the Directors, and resolutions in relation to the rest of the circumstances above shall be passed by over half of the total number of the Directors.

**Article 105** The Company must establish an audit committee, a remuneration committee and a nomination committee.

Rules 3.21 and 3.25 of the Main Board Listing Rules  
Rule A.5.1 of Appendix 14 to the Main Board Listing Rules

The audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under rule 3.10(2) of Listing Rules. The majority of the audit committee members must be independent non-executive directors of the listed issuer. The audit committee must be chaired by an independent non-executive director.

The remuneration committee is chaired by an independent non-executive director and comprising a majority of independent non-executive directors.

The nomination committee is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.

**Article 106** With respect to any proposed disposal of any fixed assets, and in the event that the estimated amount of such disposal together with the amount received from any other disposal of fixed assets occurring in 4 months prior to such proposed disposal exceed 33% of the amount of fixed assets shown on the latest balance sheet discussed at the Shareholders' Meeting, such disposal shall be subject to the approval at the Shareholders' Meeting; and the Board of Directors shall not dispose or agree to dispose such fixed assets prior to the approval of the Shareholders' Meeting.

Article 121 of Company Law  
Article 89 of the Mandatory Provisions

"Disposal of fixed assets" referred to in this Article shall include the transfer of certain interests in assets, but excludes any provision of any security with any fixed assets.

The validity of any disposal by the Company of its fixed assets shall not be affected by the violation of the first paragraph of this Article.

**Article 107** The Chairman of the Board shall exercise the following powers and functions:

- (1) to preside over Shareholders' Meeting and to convene and preside over meetings of the Board of Directors;

Article 90 of the Mandatory Provisions

- (2) to inspect the implementation of resolutions passed by the Directors at the meetings of the Board of Directors;
- (3) to sign the certificates of any securities issued by the Company;
- (4) to exercise other powers and functions conferred upon by the Board.

If the Chairman of the Board fails to exercise the powers and functions, the Vice Chairman shall exercise the same on behalf of the Chairman of the Board.

**Article 108** The Board of Directors shall meet regularly and at least 2 Board meetings shall be held each year. The Board meetings shall be convened by the Chairman and notice of 14 days shall be given of a regular Board meeting to give all Directors an opportunity to attend. For any other Board meetings to be convened to discuss any emergency matters, such meetings shall be convened by 3 or more Directors or the Chairman or manager of the Company and a reasonable notice in accordance with the article 109 of this Chapter shall be given. A regular Board meeting does not include the practice of obtaining the consent of the Board of Directors through the circulation of written resolutions.

Article 110 of  
Company Law  
Article 91 of  
the Mandatory  
Provisions

**Article 109** Written notices of Board meetings or extraordinary Board meetings shall be given by personal delivery, facsimile, express mail or registered airmail. The time limit for notification of extraordinary Board meetings shall be 10 days.

Article 92 of  
the Mandatory  
Provisions

**Article 110** Should a Director attend a meeting, and has not stated his non-receipt of the meeting notice prior to arriving at the onset of the meeting or at the meeting, the said notice of the meeting shall be deemed to have been served.

**Article 111** Any regular or extraordinary meeting of the Board of Directors may be held by electronic communication so long as all Directors participating in the meeting can clearly hear and communicate with each other. All such Directors shall be deemed to be personally present at the meeting.

**Article 112** Meetings of the Board of Directors shall be held only if more than half of the Directors (including the proxies) are present.

Article 111 of  
Company Law  
Article 93 of  
the Mandatory  
Provisions

Each Director shall have one vote. a resolution of the Board of Directors must be passed by the majority of the Directors of the Company.

Where there is an equality of votes cast both for and against a resolution, the Chairman of the Board of Directors shall be entitled to cast an additional vote.

**Article 113** Directors shall attend Board meetings in person. Where a Director is unable to attend a Board meeting for any reason, he may by a written power of attorney appoint another Director to attend the meeting on his behalf. The power of attorney shall specify the extent of authorization.

Article 112 of  
Company Law  
Article 94 of  
the Mandatory  
Provisions

A Director appointed as the representative of another Director to attend the meeting shall exercise the rights of a Director within the scope of authority conferred by the appointing Director. Where a Director is unable to attend a Board meeting and has not appointed a proxy to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

Where a Director any of his associates is interested in a matter to be decided by the Board of Directors, he shall abstain from voting on such matter at the Boarding meeting. In deciding whether there is quorum for the Board meeting, such Directors shall not be counted.

Paragraph (1),  
Section 4 of  
Appendix 3 to  
the Main Board  
Listing Rules

Subject to the approval of the Stock Exchange of Hong Kong Limited, 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 close associates has a material interest nor shall he be counted in the quorum present at the meeting.

**Article 114** In respect of the matters examined on a extraordinary Board meeting, if the Board has delivered in written form the proposal to be voted to all Directors, and the number of the Directors who give their signatures and consent has constituted the quorum required for making a decision pursuant to Article 104, this proposal shall be taken as a written resolution of the Board, without the need to hold the Board meeting. Such written resolution shall be deemed to have the same legal effect as a resolution passed at a Board meeting held in accordance with the procedures set out in the relevant provisions of the Articles of Association.

**Article 115** The Board of Directors shall maintain minutes of resolutions passed at meetings of the Board of Directors. The minutes shall be signed by all the Directors present at the meeting and the person who recorded the minutes. The Directors shall assume liability for any resolutions of the Board of Directors. In the event that a resolution of the Board of Directors violates laws, administrative regulations or the Articles of Association resulting in the Company suffering serious loss, the directors who voted in favor of such a resolution shall compensate the Company for such loss. Notwithstanding the foregoing provision, in the event that it can be proven that a Director has expressly objected to such resolution in voting, and that such objection was recorded in the minutes of the meeting, such Director shall be duly released from such liability.

Article 112 of  
Company Law  
Article 95 of  
the Mandatory  
Provisions

## CHAPTER 11 SECRETARY TO THE BOARD OF DIRECTORS

**Article 116** The Company shall have a Secretary to the Board of Directors, who shall be a member of the senior management of the Company.

Article 123 of  
Company Law  
Article 96 of  
the Mandatory  
Provisions

**Article 117** The secretary to the Company's 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. His primary functions shall include:

Article 123 of  
Company Law  
Article 97 of  
the Mandatory  
Provisions  
Guidelines  
on Works of  
Secretary to  
the Board of  
Directors of  
Overseas Listed  
Company

- (1) deal with communication and liaison of the Company with concerned parties, the stock exchange and other securities regulators, and guarantee the Company prepares and submits reports and documents as required by relevant authorities according to the law;
- (2) to maintain deal with the information disclosure matter of the Company, supervise the Company in formulating and implementing the information disclosure management policy and the internal reporting system for material information, cause the Company and concerned parties to perform the obligation of information disclosure according to the law, and handle the disclosure of regular reports and provisional reports to the stock exchange pursuant to relevant provisions;
- (3) coordinate the relationships between the Company and its investors, entertain visiting investors of the Company, answer questions raised by the investors, and provide investors with information disclosed by the Company;

- (4) organize and arrange for the meetings of the General Meeting of Shareholders and the Board of Directors according to the legal procedure, and prepare and submit relevant documents and materials for such meetings;
- (5) attend meetings of the Board of Directors, prepare the meeting minutes and sign the record;
- (6) deal with the confidential work relating to the information disclosure of the Company, establish effective confidentiality systems and measures, cause the directors, supervisors, the President, other senior executives and insiders to keep secrets before the information disclosure, promptly take remedial actions in case of the divulgement of the insider information, and simultaneously report to the stock exchange;
- (7) guarantee the proper setup of the register of shareholders of the Company, to be responsible for duly keeping the register of shareholders and the register of directors of the Company as well as the information on the shares of the Company held by the majority shareholder, directors, supervisors, the President and other senior executives, also the documents and minutes relating to meetings of the General Meeting of Shareholders and the Board of Directors, to ensure that the Company has complete organizational documents and records, and to ensure that persons entitled to receive relevant records and documents of the Company receive such records and documents in a timely manner;
- (8) assist the directors, supervisors, the President and other senior executives to understand the relevant laws, regulations, policies, the listing rules of the stock exchange, other provisions and this Articles of Association relating to information disclosure, and understand the contents of the listing agreement with respect to their legal liabilities;
- (9) cause the Board of Directors to exercise its authorities according to the law; when the Board of Directors decides to adopt a resolution which is in violation of any laws, regulations, policies, the listing rules of the stock exchange, other provisions or this Articles of Association, the Board Secretary shall remind the directors present at the meeting, and ask the supervisors attending the meeting in a non-voting capacity to express opinions on the resolution; when the Board of Directors insists on making the aforesaid resolution, the Board Secretary shall record the opinions of the relevant supervisors and his or her own opinion in the meeting minute, and report the same to the stock exchange;
- (10) other responsibilities specified in the relevant applicable laws, regulations, policies, the listing rules of the stock exchange, other provisions and this Articles of Association .

**Article 118** A Director or senior management of the Company may be appointed as the Secretary to the Board of Directors. The accountant of the Accounting firm appointed by the Company cannot serve concurrently as the Secretary to the Board of Directors.

Article 98 of  
the Mandatory  
Provisions

In the event that the office of secretary is held concurrently by a Director, and an action is required to be conducted separately by a Director and a Secretary, the person who holds the offices of Director and Secretary shall not perform such action in dual capacity.



## CHAPTER 12 COMPANY SECRETARY

**Article 119** The company must appoint an individual as its company secretary, who plays an important role in supporting the board by ensuring good information flow within the board and that board policy and procedures are followed. The company secretary should report to the board chairman and/or the chief executive. Moreover, The company secretary is responsible for advising the board through the chairman and/or the chief executive on governance matters and should also facilitate induction and professional development of directors.

Rule 3.28 of the Main Board Listing Rules  
Rule F.1.3 of Appendix 14 to the Main Board Listing Rules

**Article 120** The board should approve the selection, appointment or dismissal of the company secretary, and a board meeting should be held to discuss the appointment and dismissal of the company secretary and the matter should be dealt with by a physical board meeting rather than a written resolution. The company secretary who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Exchange, capable of discharging the functions of company secretary.

Rule 3.28 of the Main Board Listing Rules  
Rules F.1.1 and F.1.2 of Appendix 14 to the Main Board Listing Rules

The company secretary should be an employee of the issuer and have day-to-day knowledge of the issuer's affairs. Where an issuer engages an external service provider as its company secretary, it should disclose the identity of a person with sufficient seniority (e.g. chief legal counsel or chief financial officer) at the issuer whom the external provider can contact.

Rule 3.29 of the Main Board Listing Rules

In each financial year, the company secretary must take no less than 15 hours of relevant professional training.

Rule F.1.4 of Appendix 14 to the Main Board Listing Rules

All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.

## CHAPTER 13 MANAGER

**Article 121** The Company shall have one Manager, who shall be appointed or removed by the Board of Directors.

Article 99 of the Mandatory Provisions

**Article 122** The Manager shall be held accountable to the Board of Directors and exercise the following functions and powers:

Article 100 of the Mandatory Provisions

- (1) to operate and manage the Company as well as implement resolutions of the Board;
- (2) to implementing the Company's annual operation and investment plan;
- (3) to make plans for the structuring of the Company's internal management departments;
- (4) to formulate the Company's basic management system;
- (5) to formulate regulations for the Company;
- (6) to propose to appoint or remove Vice General Managers and other members of senior management (including the chief financial officer);
- (7) to appoint or remove management staff except those that shall be appointed or removed by the Board;

(8) to exercise other functions and powers conferred upon by the Articles of Association and the Board.

**Article 123** The General Manager may attend meetings of the Board of Directors. However, the General Manager has no voting rights at the meetings unless he is also a Director.

Article 101 of the Mandatory Provisions

**Article 124** The General Manager shall exercise his functions and powers in accordance with the laws and regulations and the Articles of Association on a basis of honesty and diligence.

Article 102 of the Mandatory Provisions

## CHAPTER 14 BOARD OF SUPERVISORS

**Article 125** The Company shall establish a Board of Supervisors. The Board of Supervisors shall supervise the Board of Directors, Directors, General Manager and other members of senior management of the Company and shall prevent them from abusing powers, infringing interests of the shareholders, the Company and its employees.

Article 117 of Company Law Article 103 of the Mandatory Provisions

**Article 126** The Board of Supervisors shall consists of three Supervisors, one of whom shall be appointed as the Chairman of Board of Supervisors.

Article 117 of Company Law Article 104 of the Mandatory Provisions Letter 5 of Opinions on Supplementary Amendment

The appointment and removal of the Chairman of Board of Supervisors shall be by votes of over two thirds of the Supervisors.

**Article 127** The Board of Supervisors shall consist of two shareholder representatives, which shall be elected by the Shareholder Meeting and two employee representatives of the Company which shall be democratically elected by employees of the Company.

Article 81, 117 of Company Law Article 105 of the Mandatory Provisions

The chairman of the Board of Supervisors shall be elected or removed by more than half of all the Supervisors. The chairman of the Board of Supervisors convenes and conducts meetings of the Board of Supervisors. If the chairman of the Board of Supervisors cannot or does not carry out his duties, more than half of the Supervisors will nominate a Supervisor to convene and conduct the meeting of the Board of Supervisors.

**Article 128** Directors, Manager, the chief financial officer or other members of senior management of the Company shall not be appointed as Supervisors.

Article 117 of Company Law Article 106 of the Mandatory Provisions

**Article 129** The Board of Supervisors shall hold at least one meeting every six months, which shall be called by the Chairman of the Board of Supervisors, Supervisors have right to propose the convening of extraordinary general meetings.

Article 119 of Company Law Article 107 of the Mandatory Provisions

**Article 130** The Board of Supervisors shall be held accountable to the Shareholders' Meeting and exercise the following functions and powers in accordance with the laws:

Article 54, 55, 81 of Company Law Article 108 of the Mandatory Provisions

- (1) to review the Company's financial affairs;
- (2) to supervise the work of the Directors, General Manager and other members of senior management who have violated laws, administrative regulations, the Articles of Association or the resolutions of the Shareholders' Meeting;
- (3) to demand redress from Directors, General Manager or any other members of senior management should their acts be deemed against the Company's interests;

- (4) to review such financial information as the financial statements, business reports and any plans for distribution of profits to be submitted by the Board of Directors to the Shareholders' Meeting, and to retain, on the Company's behalf any certified public accountants or chartered auditors to assist in the review of such information should any doubt arises with respect thereof;
- (5) to propose the convening of extraordinary general meetings;
- (6) to coordinate with Directors on behalf of the Company or initiate legal proceedings against the Directors;
- (7) to perform and exercise other functions and powers designated by shareholders at Shareholders' Meetings.

A supervisor can attend the board meetings as a non-voting attendee.

**Article 131** The supervisory board sets out regulations for meetings of the supervisory board. It should clearly specify meeting method and voting procedure of the board, in order to ensure the working efficiency and the making of scientific decisions.

Article 119 of  
Company Law  
Article 109 of  
the Mandatory  
Provisions  
Letter 6 of  
Opinions on  
Supplementary  
Amendment  
Paragraph  
(d)(ii),  
Section 1 of  
Appendix 13D  
to the Main  
Board Listing  
Rule

The supervisory board should prepare minutes of meeting on decisions of matters discussed. Supervisors attending the meeting should sign on the minutes. Meetings of the Board of Supervisors shall not be held unless over two thirds of Supervisors are present. The resolutions of the Board of Supervisors shall be passed by the affirmative votes of more than two thirds of all of its members.

**Article 132** All reasonable fees incurred in the retaining of such professionals as lawyers, certified public accountants or chartered auditors by the Board of Supervisors in the exercise of its functions and powers shall be borne by the Company.

Article 118 of  
Company Law  
Article 110 of  
the Mandatory  
Provisions

**Article 133** Supervisors shall fulfill their obligations of supervision in accordance with the laws and regulations and the Articles of Association of Company.

Article 111 of  
the Mandatory  
Provisions

## **CHAPTER 15 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, MANAGER AND OTHER SENIOR MANAGEMENT**

**Article 134** A person may not serve as Director, Supervisor, Manager and one of the any other members of senior management of the Company if:

- (1) he does not possess civil capacity or possess limited civil capacity;
- (2) he has been convicted for corruption, bribery, infringement of property or misappropriation of property or other offences which disrupted the social or economic order, in which less than a period of 5 years has lapsed since the sentence was served, or he has been deprived of his political rights and less than a period of 5 year has lapsed since the sentence was served;
- (3) he is a former Director, factory manager or manager of a company or an enterprise which has been dissolved or liquidated due to poor operation and management and is personally liable for the dissolution or liquidation of such company or enterprise, where a period of less than 3 years has lapsed since the date of completion of the dissolution or liquidation of such Company or enterprise;

Article 146 of  
Company Law  
Article 112 of  
the Mandatory  
Provisions

- (4) he is a former legal representative of a company or an enterprise the business license of which was revoked as a result of violation of laws and is personally liable for such revocation, where a period of less than 3 years has lapsed since the date of revocation of said business license;
- (5) he has a relatively substantial amount of debts which have become overdue;
- (6) he is currently under investigation by judicial authorities for violation of criminal law;
- (7) he is not permitted to act in the capacity of leader of an enterprise according to laws and administrative regulations;
- (8) he is not a natural person;
- (9) he has been determined by competent authorities for violation of applicable securities regulations and such conviction involves a finding that he has acted fraudulently or dishonestly, where a period of less than 5 years has lapsed from the date of such determination.

**Article 135** The validity of any act carried out by a Director, Manager or other members of senior management of the Company on the Company's behalf to a bona fide third party shall not be affected by any irregularities in his office, election or any defect in his qualifications. Article 113 of the Mandatory Provisions

**Article 136** In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which the Company's shares are listed, each of the Company's Directors, Supervisors, Manager and other senior management owe the following duties to each shareholder in the exercise of the functions and powers of the Company: Article 114 of the Mandatory Provisions

- (1) not to cause the Company to exceed the scope of business stipulated in its business license;
- (2) to act honestly in the best interests of the Company;
- (3) not to expropriate the Company's property in any manner, including (but not limited to) usurpation of beneficial opportunities to the Company;
- (4) not to expropriate the individual rights of shareholders, including (but not limited to) voting rights and distribution rights, except pursuant to a restructuring of the Company which has been submitted to the Shareholders' Meeting for approval in accordance with the Articles of Association.

**Article 137** Each Director, Supervisor, Manager and other senior management of the Company shall, in the exercise of his powers and in the discharge of his duties, exercise the care, diligence and skill(s) that a reasonably prudent person would exercise under comparable circumstances. Article 147 of Company Law Article 115 of the Mandatory Provisions

**Article 138** Each Director, Supervisor, Manager and other senior management of the Company shall exercise his power or perform his duties in accordance with the principles of fiduciary duty; and shall avoid conflicts of interests. These principles include (but not limited to) the following obligations:

Article  
147, 148 of  
Company Law  
Article 116 of  
the Mandatory  
Provisions

- (1) to act honestly in the best interest of the Company;
- (2) to act within the scope of his powers and not to exceed such powers;
- (3) to exercise discretion in person without being subject to the directions of other individuals, and not to transfer such power to other individuals unless otherwise permitted by laws or administrative regulations or approved by the shareholders based on an informed decision at the Shareholders' Meeting;
- (4) to treat shareholders of the same class with equality, and to treat different classes with fairness;
- (5) not to execute any contracts or transactions or make arrangements with the Company unless otherwise provided by the Articles of Association or approved by the shareholders based on an informed decision at the Shareholders' Meeting;
- (6) not to pursue his own benefit in any way using the Company's assets unless approved by the shareholders based on an informed decision at the Shareholders' Meeting;
- (7) not to accept any bribery or other illegal income through his powers and position, and not to seize the Company's assets in any manner, including (but not limited to) beneficial opportunities to the Company;
- (8) not to accept any commission with respect to the Company transactions without the approval granted by the shareholders based on an informed decision at the Shareholders' Meeting;
- (9) to comply with the Articles of Association, to perform his duties honestly and faithfully, to protect the Company's interests, and not to pursue personal gains by taking advantage of his powers and position at the Company;
- (10) not to compete with the Company in any manner unless approved by the shareholders based on an informed decision made at the Shareholders' Meeting;
- (11) not to misappropriate the funds of the Company or make loans to others out of the funds of the Company, not to deposit the assets of the Company into accounts under his name or any other name, and not to use assets of the Company as security for debts to shareholders of the Company or other individuals;

(12) not to divulge any confidential information concerning the Company that has been obtained during his term of office, unless approved by the shareholders based on an informed decision at the Shareholders' Meeting; and not to utilize such information unless for the purpose of benefiting the interests of the Company; notwithstanding the foregoing provisions, they are allowed to disclose such information to a court of law or other competent government authorities under the following circumstances:

- (i) as prescribed by laws;
- (ii) as required for the purpose of public interest;
- (iii) as required for the interest of the Directors, Supervisors, Manager or other members of senior management.

**Article 139** A Director, Supervisor, Manager and other senior management of the Company shall not direct the following persons or organizations (referred to as "connected parties" in the Articles of Association) to do what he is prohibited from doing: Article 117 of the Mandatory Provisions

- (1) spouses or minor children of that Director, Supervisor, General Manager or other members of senior management of the Company;
- (2) the trustees of those Directors, Supervisors, Manager or other members of senior management of the Company or trustees of those as described in Clause (1) above;
- (3) the partners of those Directors, Supervisors, Manager or other members of senior management of the Company or partners of those as described in Clause (1) and Clause (2) above;
- (4) a company (or companies) under the exclusive control of those Directors, Supervisors, Manager or other members of senior management of the Company or under joint control of any person as described in Clause (1), Clause (2), Clause (3) of this Article or other Directors, Supervisors, Manager or other members of senior management of the Company;
- (5) The Directors, Supervisors, Manager or other members of senior management of the controlled companies as described in Clause (4) above.

**Article 140** The fiduciary duty of a Director, Supervisor, Manager and other senior management of the Company may not necessarily cease upon the conclusion of his term, and their obligations to keep the commercial secrets of the Company shall survive beyond the conclusion of his term. The duration of other obligations and duties shall be determined in accordance with the principle of fairness, taking into account the lapse between the time when a Director, Supervisor, General Manager or other members of senior management of the Company leaves the office and the occurrence of the relevant event, and the situation and the circumstances under which his relation with the Company was ceased. Article 118 of the Mandatory Provisions

**Article 141** The shareholders may by informed decisions at the general meeting to discharge the liability of any Director, Supervisor, and any other members of senior management of the Company as a result of violation of any specific duty, except for the circumstances as specified in Article 62 hereof. Article 119 of the Mandatory Provisions

**Article 142** A Director, Supervisor, General Manager and other members of senior management of the Company who directly or indirectly has many material interests in any contracts, transactions, or arrangements executed or proposed to be executed with the Company (except for contracts of service between the Directors, Supervisors, and other members of senior management and the Company), shall, as soon as possible, disclose to the Board of Directors, the nature and extent of his interest, regardless of whether or not such matters require the approval of the Board of Directors under the normal circumstance. Article 120 of the Mandatory Provisions

Unless the interested Directors, Supervisors, General Manager and other members of senior management of the Company have made such disclosure to the Board of Directors as required by the preceding paragraph of this Article, and the relevant matter has been approved by the Board of Directors at the Board meeting in which such Directors, Supervisors, Manager or other members of senior management have not been counted into the quorum and voted at the meeting, the Company shall be entitled to rescind such contracts, transactions, or arrangements, except as to any other party which is deemed a bona fide party without knowledge of the violation of duties on the part of such Directors, Supervisors, Manager and other members of senior management.

Where any connected party of any Directors, Supervisors, General Manager and other members of senior management of the Company possess interest in any contracts, transactions or arrangements, such Directors, Supervisors, General Manager and other members of senior management shall also be deemed to be interested.

**Article 143** In the event that, prior to the Company's initial consideration of such contracts, transactions, or arrangements referred to by the preceding Article, and a Director, Supervisor, General Manager or other senior management of the Company has delivered a written notice to the Board of Directors, stating his interests in such future contracts, transactions, or arrangements, such Directors, Supervisors, Manager and other members of senior management shall be deemed to have made the disclosure as provided in the preceding Article with respect to the statement(s) contained in the notice. Article 121 of the Mandatory Provisions

**Article 144** The Company shall not, in any manner, pay any taxes for its Directors, Supervisors, Manager and other members of senior management. Article 122 of the Mandatory Provisions

**Article 145** The Company shall not directly or indirectly provide a loan or a guarantee in connection with the provision of a loan to a Director, Supervisor, General Manager and other senior management of the Company or of the Company's holding company or any of their respective connected parties. Article 122 of the Mandatory Provisions  
Article 16 of Company Law

The first paragraph is not applicable to the following cases:

- (1) the provision of a loan by the Company to, or a guarantee in connection with a loan to, its subsidiaries;
- (2) the provision of a loan by the Company to, or a guarantee in connection with a loan or making any other funds available to any of its Directors, Supervisors, and other members of senior management to pay any expenses incurred by them for the purpose of the Company or for the purpose of his performance of his duties in accordance with a service contract approved by the shareholders at the Shareholders' Meeting;

- (3) in the event that the ordinary course of the business of the Company includes the loaning of funds or the provision of guarantees, the Company may make a loan to, or provide a guarantee in connection with a loan to, the relevant Directors, Supervisors, Manager and other members of senior management or their respective connected parties, provided that such loans or guarantees are on normal commercial terms.

**Article 146** Any person who receives any funds from a loan which has been made by the Company in violation of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds. Article 124 of the Mandatory Provisions

**Article 147** A guarantee for a loan which has been provided by the Company in violation of paragraph 1 of Article 145 shall not be enforceable against the Company, except with respect to the following circumstances: Article 125 of the Mandatory Provisions

- (1) the loan was provided to a connected party of any of the Directors, Supervisors, Manager and other members of senior management of the Company or of the Company's holding company and the provider of the loan of such funds has no knowledge of the relevant circumstances at the time of making the loan;
- (2) the collateral provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

**Article 148** For the purpose of the foregoing provisions of this Chapter, a "guarantee" shall include an undertaking or any property provided by the guarantor to secure the obligator's performance of his obligations. Article 126 of the Mandatory Provisions

**Article 149** In addition to the rights and remedies provided by laws and administrative regulations when a Director, Supervisor, Manager or other members of senior management of the Company breaches his duties to the Company, the Company shall be entitled: Article 127 of the Mandatory Provisions

- (1) to require such Director, Supervisor, Manager or other members of senior management to compensate for any loss sustained by the Company as a result of such breach of duty;
- (2) to rescind any contract or transaction entered into between the Company and such Director, Supervisor, Manager or other members of senior management or between the Company and a third party, where such party knows or should have known that such Director, Supervisor, Manager or other members of senior management representing the Company was in breach of his duty to the Company;
- (3) to require such Director, Supervisor, Manager or other members of senior management to surrender the profits made as result of such breach of his duty;
- (4) to recover any amount which otherwise should have been received by the Company but were received by such Director, Supervisor, Manager or other members of senior management instead, including (but not limited to) any commission;
- (5) to demand the payment of interest earned or which may have been earned by such Director, Supervisor, Manager or other members of senior management on any sum which should have been received by the Company.



**Article 150** The Company shall enter into a written contract with each Director, Supervisor and member of senior management containing at least the following:

- (1) an undertaking made by such Director, Supervisor and member of senior management to the Company that he will comply with the Company Law, the Special Provisions, the Articles of Association and the Codes on Takeovers and Mergers and Share Repurchases published by the Securities and Futures Commission of Hong Kong as amended from time to time, and an agreement that the Company shall enjoy the remedies provided in the Articles of Association and that neither the contract or his office is capable of assignment;
- (2) an undertaking made by such Director, Supervisor and member of senior management to the Company that he will comply with and perform his obligations to shareholders under the Articles of Association; and
- (3) an arbitration cause provided in Article 196.

Rules 19A.54  
and 19A.55 of  
the Main Board  
Listing Rules

**Article 151** With the prior approval of the Shareholders' Meeting, the Company shall enter into a written contract with a Director or Supervisor with respect to his remuneration. The aforementioned remuneration may include:

- (1) remuneration with respect to his service as a Director, Supervisor or members of senior management of the Company;
- (2) remuneration with respect to his service as a Director, Supervisor or members of senior management of any subsidiary/subsidiaries of the Company;
- (3) remuneration with respect to the provision of other services in connection with the management of the Company and any of its subsidiaries;
- (4) any payment as compensation for, or in connection with loss of office or retirement from office of such Director or Supervisor.

Article 128 of  
the Mandatory  
Provisions

No proceedings may be brought by a Director or Supervisor against the Company for any benefit which otherwise would have been received by him by virtue of any aforementioned matters except pursuant to any contract described above.

**Article 152** Any contracts between the Company and its Directors or Supervisors with respect to their remuneration shall provide that the Directors and Supervisors shall, subject to the prior approval of Shareholders' Meeting, be entitled to receive compensation or other payment with respect to his loss of office or retirement in the event that the Company is to be acquired by others. For the purposes of this paragraph, the acquisition of the Company shall include any of the following:

Article 129 of  
the Mandatory  
Provisions

- (1) a general offer made by any person to all the shareholders;
- (2) an offer made by any person in anticipation of becoming a "controlling shareholder". The meaning of a "controlling shareholder" is defined as the same in Article 63 hereof.

In the event that the relevant Director or Supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of such offer. The expenses incurred in distributing such sum prorate a among such persons shall be borne by the relevant Director or Supervisor and shall not be deducted from such sum.

## CHAPTER 16 FINANCIAL ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION

**Article 153** The Company shall establish its financial and accounting systems and internal auditing system in accordance with the laws, administrative regulations and accounting principles of the China formulated by the Ministry of Finance.

Article 163 of  
Company Law  
Article 130 of  
the Mandatory  
Provisions

**Article 154** A financial report shall be prepared at the end of each financial year and shall be examined and verified according to laws.

Article 164 of  
Company Law  
Article 131 of  
the Mandatory  
Provisions

**Article 155** The Board of Directors of the Company shall present to the shareholders, at each annual general meeting, such financial reports as required by applicable laws, administrative regulations, directives promulgated by competent local government, central governmental authorities. An issuer shall make up its annual accounts to a date falling not more than 6 months before the date of its annual general meeting.

Article 132 of  
the Mandatory  
Provisions  
Rule 13.46(2)  
(b) of the Main  
Board Listing  
Rules

**Article 156** The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days prior to the date of annual general meeting of shareholders. Each shareholder of the Company is entitled to obtain a copy of the financial reports referred to in this Chapter.

Article 165 of  
Company Law  
Article 133 of  
the Mandatory  
Provisions

**Article 157** The Company shall send by prepaid mail to each overseas listed foreign shareholder, at the address of such shareholder as shown in the register of shareholders, an annual report comprising the annual accounts, the relevant auditors' report and other financial report which is referred to in this chapter, at least 21 days prior to the date of every annual general meeting and within 4 months of the end of the financial year.

Article 133 of  
the Mandatory  
Provisions  
Letter 7 of  
Opinions on  
Supplementary  
Amendment

**Article 158** The Company shall deliver or send by post to the registered address of every member, its annual report including its annual accounts together with a copy of the auditors' report not less than 21 days before the date of the issuer's annual general meeting and in any event not more than four months after the end of the financial year.

Section 5 of  
to and Rules  
13.46(2)(a) and  
13.48(1) of the  
Main Board  
Listing Rules

**Article 159** The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the placing of listing overseas where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be given in the financial statements. When the Company distributes its after-tax profits for that financial year, the lower of the after-tax profits as shown in (i) the financial statement prepared in accordance with the PRC accounting standards and regulation, and (ii) the international accounting standards or that of the placing of listing overseas where the Company's shares are listed, shall be adopted.

Article 134 of  
the Mandatory  
Provisions

**Article 160** The interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or such accounting standards in the place of listing overseas.

Article 135 of  
the Mandatory  
Provisions

**Article 161** The Company shall publish the financial report twice each accounting year, namely, publish the interim financial report within 60 days after the end of the first 6 months of the accounting year, and publish the annual financial report within 120 days after the end of the accounting year.

Article 136 of  
the Mandatory  
Provisions

**Article 162** The Company shall not establish account books other than those required by law. The assets of the Company shall not be deposited in any account opened under a personal name.

Article 171 of  
Company Law  
Article 137 of  
the Mandatory  
Provisions

**Article 163** The Company's after-tax profit shall be allocated in the following order:

Article 81 of  
Company Law

- (1) the making up of any loss;
- (2) allocation to the statutory reserve fund;
- (3) setting aside of any reserves in accordance with the resolution passed at the Shareholders' Meeting;
- (4) payment of ordinary share dividends. No profit shall be distributed as dividends or in any other form as bonus before making up losses and setting aside of the Company's statutory reserve fund.

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

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

Paragraph (c),  
Section 1 of  
Appendix 13D  
and paragraph  
(2), Section 3  
and paragraph  
(1), section 13  
of Appendix  
3 to the Main  
Board Listing  
Rules

The power to cease sending dividend warrants by post will not be exercised until such dividend warrants have been so left uncashed on two consecutive occasions. However, such power may also be exercised after the first occasion on which such a dividend warrant is returned undelivered.

Subject to the laws and regulations of China and the rules of Hong Kong Stock Exchange, the Company may exercise its power to forfeit unclaimed dividends, but only upon the expiry of the period for which the dividends can be claimed. With regard to the exercise of power to issue warrants in bearer form, no new warrants shall be issued to replace one that has been lost, unless the Company is satisfied beyond reasonable doubt that the original has been destroyed. With regard to the right to dispose of the shares held by untraceable shareholders, such right may not be exercised except in the following circumstances: (1) during a period of 12 years dividends in respect of the shares in question have been distributed at least three times and no dividend has been claimed; and (2) upon expiry of the 12-year period, the Company has given notice of its intention to dispose of the shares by way of an announcement published in the newspapers and informs The Stock Exchange of Hong Kong Limited of its intention.

Paragraph (2),  
Section 13 of  
Appendix 3 to  
the Main Board  
Listing Rules

**Article 164** The capital reserve fund shall include the followings:

Article 138 of  
the Mandatory  
Provisions

- (1) any premium which exceeds the proceeds from issuance of shares at face value;
- (2) any other income credited to the capital reserve fund as required by the finance department of the State Council.

**Article 165** Reserves of the Company may be applied towards the following objectives:

Article 168 of  
Company Law

- (1) making up of losses, except that capital reserves may not be used.
- (2) conversion into capital. In the case of conversion of statutory reserves into capital through capitalization, the balance of such balance shall not be reduced to below 25% of the registered capital of the Company prior to the conversion.
- (3) expansion of the Company's production and operation.

**Article 166** The dividend distribution plans of the Company shall be voted at the Shareholders' Meeting. After the Board of Directors takes into account the Company's financial position and subject to the relevant laws and regulations, shareholders may authorize by ordinary resolution the Board of Directors to distribute and pay dividends.

Article 81 of  
Company Law

**Article 167** The Company may distribute its dividend in the form of:

- (1) cash;
- (2) shares.

Article 139 of  
the Mandatory  
Provisions

The power to forfeit any unclaimed dividends shall be exercised only upon the expiry of the period for which the dividends can be claimed.

**Article 168** Dividends in respect of ordinary shares shall be denominated and paid in RMB. Dividends in respect of domestic shares shall be paid in RMB. Dividends in respect of overseas listed foreign shares and other distributions shall be paid in the currency of the place of listing, and where there is more than one of such places, in the currency of the place of primary listing as determined by the Board of Directors. Dividends in respect of non-listed foreign shares shall be paid in Hong Kong dollars.

**Article 169** Dividends paid in foreign currency shall be converted at the average closing exchange rate quoted by the People's Bank of China for the week preceding the declaration of dividends and other distributions.

**Article 170** The Company shall appoint a receiving agent for the shareholders of the overseas-listed foreign shares.

Article 140 of  
the Mandatory  
Provisions  
Letter 8 of  
Opinions on  
Supplementary  
Amendment

Such receiving agent shall receive dividends of the overseas-listed foreign shares on behalf of such relevant shareholders, as well as all other amounts payable to such shareholders. The receiving agent appointed by the Company shall meet relevant requirements of the laws of the places or the relevant regulations of the stock exchange in which the Company's shares are listed. The receiving agent appointed for shareholders of H shares listed in Hong Kong Stock Exchange shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

## CHAPTER 17 APPOINTMENT OF ACCOUNTING FIRM

**Article 171** The Company shall retain an independent accounting firm that fulfills the requirements provided by the relevant regulations of China to audit the Company's annual financial report and review the Company's other financial reports. For the purposes of the Articles of Association, the accounting firm retained by the Company at any time shall be the Company's auditor. Article 141 of the Mandatory Provisions

The retaining of the first accounting firm of the Company may occur at the inauguration meeting prior to the first annual general meeting of shareholders. The term of such accounting firm shall terminate upon the conclusion of the first annual general meeting of shareholders.

Should the inauguration meeting not exercise the powers under the preceding paragraph, the Board of Directors shall exercise those powers.

**Article 172** The term of an accounting firm retained by the Company shall commence upon the conclusion of one annual general meeting of shareholders and shall sustain until the conclusion of the next annual general meeting of shareholders. Article 142 of the Mandatory Provisions

**Article 173** The accounting firm engaged by the Company shall have the following rights:

- (1) to inspect books, records and vouchers of the Company at any time, and to require the Directors, Manager and other members of senior management of the Company to provide relevant information and explanations; Article 143 of the Mandatory Provisions
- (2) to require the Company to take all reasonable steps to obtain from its subsidiaries any information and explanations necessary for the discharge of its duties;
- (3) to attend any Shareholders' Meeting and to receive all notices of, and other communications relating to, any Shareholders' Meeting which any shareholder is entitled to receive, and to speak at any Shareholders' Meeting in relation to matters concerning its role as the Company's retained accounting firm.

**Article 174** In the event of a vacancy in the Company's accounting firm, the Board of Directors may retain an accounting firm to fill such vacancy prior to the convening of the general meeting of shareholders. Such accounting firm may continue to act during the vacancy period if the Company has another incumbent accounting firm. Article 144 of the Mandatory Provisions

**Article 175** Irrespective of the provisions in the contract concluded between the Company and the accounting firm, the Shareholders' Meeting may remove the accounting firm by an ordinary resolution before the term of the accounting firm expires. Notwithstanding such provisions, the accounting firm's entitlement to claim for damages arising out of its removal shall not be affected thereby. Article 169 of Company Law Article 145 of the Mandatory Provisions

**Article 176** The remuneration of an accounting firm or the manner in which such firm is to be compensated shall be decided by the Shareholders' Meeting. The remuneration of an accounting firm retained by the Board of Directors shall be decided by the Board of Directors. Article 146 of the Mandatory Provisions

**Article 177** The Shareholders' Meeting shall decide to retain, remove or discontinue the retention of an accounting firm and file with the China Securities Regulatory Commission. Article 169 of Company Law Article 147 of the Mandatory Provisions

**Article 178** In the event that a resolution at Shareholders' Meeting is passed to retain an accounting firm other than the incumbent accounting firm to fill any casual vacancy in the office of the accountant, or to reappoint an accounting firm which was retained by the Board of Directors to fill any casual vacancy, or to remove an accounting firm prior to the expiration of its term, the following provisions shall apply:

Article 169 of  
Company Law  
Letter 9 of  
Opinions on  
Supplementary  
Amendment  
Paragraph  
(e)(i),  
Section 1 of  
Appendix 13D  
to the Main  
Board Listing  
Rules

- (1) The retaining or removal motion shall be sent (before a notice of Shareholders' Meeting is given) to the accounting firm that is proposed to be retained or to leave or the accounting firm which has left in the relevant financial year (including any accounting firm leaving due to removal, resignation and retirement).
- (2) In the event that the accounting firm that is proposed to leave makes written representations and requests that the Company give notice to shareholders of such representations, the Company shall (unless the representations have been received too late) take the following measures: (i) in any aforementioned notice for making a resolution, the Company shall state the representations made by such accounting firm which is to leave; (ii) to attach a copy of the representations to the notice and deliver it to every shareholder entitled to receive the notice in the manner as provided in the Articles of Association.
- (3) In the event that the Company fails to send the accounting firm's representations in the manner set out in Clause (2) above, such accounting firm may (in addition to its right to be heard) make further appeal.
- (4) A leaving accounting firm has the right to attend the following meetings:
  - (i) Shareholders' Meeting at which its term would otherwise have expired;
  - (ii) Shareholders' Meeting at which the said accounting firm is proposed to fill the vacancy caused by its removal;
  - (iii) Shareholders' Meeting which is convened as a result of the resignation of the said accounting firm.

The leaving accounting firm is entitled to receive all notices of, and other communications relating to any meeting referred to in Clause (4), and to speak at any such meeting which it attends on any matters with respect to its capacity as the former accounting firm of the Company.

**Article 179** Notice shall be given to the accounting firm no less than 30 days in advance should the Company decide to remove such accounting firm or not to reappoint it. Such accounting firm shall be entitled to make representations at the Shareholders' Meeting. Where the accounting firm resigns from its position, it shall clarify to the shareholders at the Shareholders' Meeting on any irregularities on the part of the Company.

Article 169 of  
Company Law  
Article 148 of  
the Mandatory  
Provisions

**Article 180** An accounting firm may resign from its office by depositing a resignation notice at the Company's residence, which shall become effective on the date of such deposit or on such later date as stated therein. Such notice shall contain the following statements:

Letter 10 of  
Opinions on  
Supplementary  
Amendment  
Paragraphs (e)  
(ii) and (3)(iii),  
Section 1 of  
Appendix 13D  
to the Main  
Board Listing  
Rules

- (1) a statement to the effect that there are absolutely no circumstances with respect to its resignation which it believes should be brought to the notice of the shareholders or creditors of the Company; or

(2) a statement of any such circumstances.

Where a notice is deposited under the preceding paragraph, the Company shall, within 14 days, send a copy of the notice to the relevant competent authorities. If the notice contains any statement(s) referred to in Clause (2) of the preceding paragraph, a copy of such statement(s) shall be made available for inspection by shareholders at the Company's address. A copy of such statement(s) shall also be sent by prepaid mail to all holders of overseas listed foreign shares at their respective addresses shown in the register of shareholders.

Where the accounting firm's notice of resignation contains the statement(s) referred to in Clause (2) above, the accounting firm may require the Board of Directors to call an extraordinary shareholders' meeting for the purpose of explaining the circumstances connected with its resignation.

## CHAPTER 18 MERGER AND DIVISION OF THE COMPANY

**Article 181** In the event of a merger or division of the Company, the Company's Board of Directors shall submit a motion, which shall be approved in accordance with the procedures stipulated in the Articles of Association and go through relevant examination and approval formalities pursuant to laws. Shareholders who object to the merger or division proposal shall be entitled to request that the Company or the consenting shareholders acquire such dissenting shareholders' shares at a fair price. The content of the resolution of merger or division of the Company shall constitute special documents which shall be available for inspection by the shareholders of the Company. The documents as stated above shall be sent by mail to holders of foreign overseas-listed shares.

Article 149 of  
the Mandatory  
Provisions

**Article 182** The merger of the Company may take the form of either merger by absorption or merger by establishment of a new company.

Article 172 of  
Company Law  
Article 150 of  
the Mandatory  
Provisions

In the event of a merger of the Company, the parties to the merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days and publish an announcement in a newspaper for three times within 30 days after the date of the Company's merger resolution.

The creditors may require the Company to repay debts or provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice. The Company may not proceed with merger if there are still any debts unpaid or no guarantee is provided.

After the merger of the Company, any rights in relation to creditor's rights and debts of each party to the merger shall be assumed by the surviving company after the merger or the newly established company.

**Article 183** Where there is a division of the Company, its assets shall be divided accordingly.

In the event of a division, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days and publish an announcement in newspapers within 30 days after the date of the Company's division resolution. The creditors shall have the right, 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, to require the Company to pay its debts or provide guarantee to the amount of its debts. The Company shall not conduct division without paying off its debts or guaranteeing to the amount of its debts.

Article 175 of  
Company Law  
Article 151 of  
the Mandatory  
Provisions

The debts of the Company incurred prior to the division shall be assumed by the companies formed following the division as agreed.

**Article 184** Changes in registration particulars of the Company caused by merger or division must be registered with the Administration for Industry and Commerce of Jiaxing City Zhejiang Province in accordance with law. Cancellation of the Company shall be registered in accordance with the law when the Company is dissolved. Incorporation of the Company shall be registered when a new company is incorporated in accordance with law.

Article 152 of  
the Mandatory  
Provisions

## CHAPTER 19 DISSOLUTION AND LIQUIDATION OF THE COMPANY

**Article 185** The Company shall be dissolved and liquidated according to laws upon any of the following circumstances:

- (1) A resolution for dissolution is passed by the Shareholders' Meeting;
- (2) A merger or division of the Company for which a dissolution becomes necessary;
- (3) The Company is announced bankrupt according to the laws due to overdue debts;
- (4) The Company is ordered to be close down for violation of laws and administrative regulations in accordance with the laws;
- (5) the business license of the Company has expired.

Article 180 of  
Company Law  
Article 153 of  
the Mandatory  
Provisions

**Article 186** In the event of dissolution pursuant to Clauses (1) an (5) of the preceding article, the Company shall set up a liquidation committee within 15 days, and the members of the liquidation committee shall be decided by an ordinary resolution at the Shareholders' Meeting. If the liquidation committee is not duly set up, the creditors may request the People's Court to designate related persons to form a liquidation committee to carry out liquidation.

Article 183 of  
Company Law  
Article 154 of  
the Mandatory  
Provisions

If the Company is dissolved pursuant to Clause (3) of the preceding article, a liquidation committee comprising shareholders, the relevant departments and relevant professionals shall be arranged by the People's Court in accordance with relevant laws to carry out the liquidation.

If the Company is dissolved pursuant to Clause (4) of the preceding article, a liquidation committee comprising shareholders, the relevant departments and relevant professionals shall be arranged by the relevant supervisory authority to carry out the liquidation.

**Article 187** Where the board of directors has decided to liquidate the Company for any reason other than the Company's declaration of its own insolvency, the Board of Directors shall state in the notice convening the Shareholders' Meeting that it has made full inquiry into the affairs of the Company and is of the opinion that the Company shall be able to settle its debts in full within 12 months from the commencement of the liquidation.

Article 155 of  
the Mandatory  
Provisions

The Board of Directors shall stop exercising its powers and functions upon passing of the resolution for a liquidation of the Company by the shareholders at the Shareholders' Meeting.



The liquidation committee shall act in accordance with the instructions from the Shareholders' Meeting to report at least once every year to the meeting on the committee's income and expenses, the business and the progress of the liquidation of the Company; and to present a final report to the Shareholders' Meeting upon completion of the liquidation.

**Article 188** The liquidation committee shall, within 10 days of its establishment, notify the creditors, and, within 60 days of its establishment, publish at least three times announcements on newspapers.

Article 185 of  
Company Law  
Article 156 of  
the Mandatory  
Provisions

**Article 189** Creditors shall, within 30 days of receipt of the notice, or for creditors who have not personally received such notice, shall within 45 days of the date of the announcement, contact the liquidation committee to claim their rights.

Article 185 of  
Company Law

**Article 190** During liquidation, the liquidation committee shall exercise the following functions and powers:

- (1) to organize the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify or to publish an announcement to the creditors;
- (3) to dispose of any continuing businesses of the Company in connection with the liquidation;
- (4) to pay outstanding taxes;
- (5) to settle claims and debts;
- (6) to organize the remaining assets subsequent to the settlement of the Company's debts;
- (7) to represent the Company in any civil proceedings.

Article 184 of  
Company Law  
Article 157 of  
the Mandatory  
Provisions

**Article 191** Following the organization of the Company's assets and the preparation of a balance sheet and an inventory of assets by the liquidation committee, the liquidation committee shall formulate a liquidation proposal and present it to the Shareholders' Meeting or the relevant competent authorities.

Article 186 of  
Company Law  
Article 158 of  
the Mandatory  
Provisions

The Company's assets shall be distributed in accordance with the order stipulated by laws and regulations. If there is no applicable law, such distribution shall be carried out in accordance with a fair and reasonable procedure determined by the liquidation committee.

Any surplus assets of the Company remaining after its debts have been repaid in accordance with the provisions of the preceding paragraph shall be distributed to its shareholders according to the class of shares and the proportion of shares held. During the liquidation period, the Company shall not commence any new business activities.

**Article 192** The liquidation committee shall immediately apply to the People's Court for a declaration of bankruptcy if it becomes aware, having liquidated the Company's assets and prepared a balance sheet and an inventory of assets, that the Company's assets are insufficient to repay its debts in full in an event of dissolution. Upon the Company being declared bankrupt by a ruling of the People's Court, the liquidation committee shall transfer to the People's Court all matters arising out of the liquidation.

Article 187 of  
Company Law  
Article 159 of  
the Mandatory  
Provisions

**Article 193** Following the completion of liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses and financial accounts for the liquidation, which shall be verified by a China registered accountant and submitted to the Shareholders' Meeting or the relevant competent authorities for confirmation.

Article 188 of  
Company Law  
Article 160 of  
the Mandatory  
Provisions

The liquidation committee shall, within 30 days of such confirmation, submit the aforementioned documents to the Administration for Industry and Commerce of Jiaxing City, Zhejiang Province for an application for a cancellation of registration of the Company, and publish an announcement in respect of the termination of the Company.

## CHAPTER 20 PROCEDURES FOR AMENDING THE ARTICLES OF ASSOCIATION

**Article 194** The Company may amend the Articles of Association in accordance with the requirements of laws, administrative regulations and the Articles of Association.

Article 12 of  
Company Law  
Article 161 of  
the Mandatory  
Provisions

**Article 195** If the amendments to the Articles of Association concerns the Mandatory Provisions, the amendments shall go into effect upon approval by the company administration department authorized by the State Council and the China Securities Regulatory Commission; if the amendments involve matters of company registration, it shall go through registration procedures for changes in accordance with the laws.

Article 12 of  
Company Law  
Article 162 of  
the Mandatory  
Provisions

## CHAPTER 21 RESOLUTION OF DISPUTES

**Article 196** The Company shall abide by the following principles for dispute resolution:

Article 163 of  
the Mandatory  
Provisions  
Letter 11 of  
Opinions on  
Supplementary  
Amendment

- (1) Any disputes or claims (i) between the Company and the Directors or members of senior management; and (ii) between holders of foreign shares (including holders of overseas listed foreign shares and holders of non-listed foreign shares) and the Company, between holders of foreign shares (including holders of overseas listed foreign shares and holders of non-listed foreign shares) and the Directors, Supervisors, Manager or other members of senior management, and between holders of non-listed foreign shares and holders of non-listed foreign shares or holders of domestic shares, with respect to any rights or obligations by virtue of the Articles of Association, the Company Law, the Special Provisions and any rights or obligations conferred upon or imposed by any other relevant laws and administrative regulations concerning the affairs of the Company, shall be submitted to arbitration by the parties concerned. When the aforementioned dispute or claim of rights is submitted to arbitration, the entire claim or dispute shall be submitted to arbitration, and all persons whose causes of action were based on the same ground, giving rise to the dispute or claim or whose participation shall be necessary for the resolution of such dispute or claim, shall, where such person is the Company, the Company's shareholders, Directors, Supervisors, Manager, or other members of senior management of the Company, comply with the arbitration. Disputes with respect to the definition of shareholders and disputes concerning the register of shareholders need not be resolved by arbitration.
- (2) A claimant may select an arbitration to be administered either by the China International Economic and Trade Arbitration Commission in accordance with its Rules, or the Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules.

Once a claimant submits a dispute or claim of rights to arbitration, the other party must submit to the arbitration institution selected by the claimant.

If a claimant selects the Hong Kong International Arbitration Center as the arbitration institution, either party to the dispute or claim may apply for the arbitration venue to be in Shenzhen, in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center.

- (3) Unless laws and regulations specify otherwise, laws and regulations of China are applicable to arbitration of settling the dispute or claim for rights as described in Clause (1) above.
- (4) The award of the arbitration shall be conclusive and binding on all the parties.

## CHAPTER 22 SUPPLEMENTARY PROVISIONS

**Article 197** Unless otherwise provided in the Articles of Association, notices, data or written statements delivered to H shareholders of the Company shall be sent to each shareholder at the registered address of each shareholder of H shares (including addresses outside Hong Kong) by courier or by mail, and notices to H shareholders shall be sent in Hong Kong as much as possible. Article 164 of the Mandatory Provisions

The newspapers for issuing announcements mentioned in the Articles of Association shall be those specified or required by the relevant laws, administrative regulations of China. Article 165 of the Mandatory Provisions

**Article 198** For the purpose of the Articles of Association, references to the “accounting firm” shall bear the same meaning as the “auditor”.

**Article 199** The Articles of Association are prepared in both Chinese and English versions. In the case of any discrepancies between these versions, the Chinese version last approved by and registered with the Zhejiang Provincial Administration of Industry and Commerce shall prevail.

**Article 200** The right of interpretation of the Articles of Association shall be vested in the Board of Directors of the Company. Any matters unspecified in the Articles of Association shall be submitted by the Board of Directors of the Company to shareholders at the Shareholders’ Meeting for approval.

**Article 201** References to “over”, “within” and “no more than” in the Articles of Association include the relevant figures themselves, and References to “exceed”, “less than” and “except” do not include the relevant figures themselves.