

# HA D G CHE I G A E H LDI G LI I TED

*If there is any inconsistency or conflict between the English and Chinese versions, the Chinese version shall prevail for all purposes.*

(A foreign-invested joint stock company incorporated in the People's Republic of China with limited liability)

## ARTICLE F A CIA TI

(Approved by the 2006 General Meeting on April 30, 2007, Revised by 2007 2nd Extraordinary General Meeting on September 12, 2007, 2008 1st Extraordinary General Meeting on April 11, 2008, 2008 General Meeting on May 26, 2009, 2012 2nd Extraordinary General Meeting on November 5, 2012, 2012 General Meeting on May 15, 2013, 2013 2nd Extraordinary General Meeting on November 15, 2013, 2015 1st Extraordinary General Meeting on February 13, 2015, 2015 2nd Extraordinary General Meeting on July 22, 2015, 2016 2nd Extraordinary General Meeting on June 2, 2016, 2018 1st Extraordinary General Meeting on February 13, 2018, 2017 General Meeting on June 13, 2018, 2018 6th Extraordinary General Meeting on December 28, 2018, 2018 General Meeting on June 11, 2019, 2019 3rd Extraordinary General Meeting on December 3, 2019, 2021 General Meeting on May 11, 2022 and 2022 1st Extraordinary General Meeting on June 15, 2022, the Board of Directors on July 18, 2022 pursuant to the authorisation of the General Meeting, Revised by 2022 General Meeting on May 12, 2023, the Board of Directors on July 17, 2023 pursuant to the authorisation of the General Meeting, 2023 General Meeting on May 14, 2024 and the Board of Directors on July 31, 2024 pursuant to the authorisation of the General Meeting)

(The Articles of Association is formulated in accordance with the currently effective law, regulation and constitutional system of The Company Law of the People's Republic of China (the "Company Law"), the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the "Trial Administrative Measures"), Opinions on Further Standardising Operations and Intensifying Reforms of Companies Listed Overseas ("Opinions"), Notice on further implementation of Cash Dividends Distribution of Listed Companies (Zheng Jian Fa [2012] No. 37), Guidelines for the Articles of Association for Listed Companies (as amended in 2023) (the "Guidelines for the Articles of Association"), Code of Corporate Governance for Listed Companies (the "CG Code" or "CSRC Announcement [2018] No. 29"), Procedural Rules for General Meeting of Listed Companies (the "Procedural Rules for General Meeting" or "CSRC Announcement [2022] No. 13"), Measures for the Administration of Independent Directors of Listed Companies ("Measures for Independent Directors" or "China Securities Regulatory Commission Decree No. 220"), Regulatory Guidance for Listed Companies No. 3 – Distribution of Cash Dividends by Listed Companies (as amended in 2023) ("Distribution of Cash Dividends by Listed Companies" or "CSRC Announcement [2023] No. 61"), Guidelines for Self-discipline Regulation of Listed Companies of Shenzhen Stock Exchange No. 1 – Standard Operation of Listed Companies on the Main Board (as amended in December 2023) ("Guidelines for Standard Operation"), Reply of the

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A 1

Shandong Chenming Paper Holdings Limited (the “Company”) is a joint-stock company with limited liability established under The Company Law of the People’s Republic of China (the “Company Law”), the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the “Trial Administrative Measures”), and other governing laws and regulations of the People’s Republic of China (“PRC”).

The Company was established through share offering with the approval of the Document [1993] No.17 issued by Weifang Economic Reform Committee, and was registered with Shouguang County Industry and Commerce Administration and has obtained a business license with unified social credit code of 913700006135889860.

The Company was regulated in accordance with regulations of Guo Fa [1995] No.17 and Lu Zheng Fa [1995] No.126. Approved by Lu Ti Gai Han Zi [1996] No.123 issued by Shandong Economic Reform Committee and Lu Zheng Gu Zi [1996] No.98 issued by the People’s Government of Shandong Province, the Company was re-registered with the Administration of Industry and Commerce of Shandong Province.

Approved by Ministry of Foreign Trade and Economic Cooperation Document [1997] No.075, the Company was registered as a foreign-invested company.

A 2

The Company’s registered name in Chinese is 山東晨鳴紙業集團股份有限公司, and in English Shandong Chenming Paper Holdings Limited.

A 3

Registered Address: Shengcheng Road No.595, Shouguang, Shandong

Zip Code: 262705

Tel.: 0536-2158008

Fax: 0536-2158977

A 4

The Chairman of the Board of Directors is the legal representative of the Company.

A 5

The Company is a joint stock limited company with perpetual existence.

In accordance with the requirements of the Company Law and the Constitution of the Communist Party of China, organizations of the Communist Party of China (the "Party Organization") and working units shall be established by the Company. The Party Organization shall play a core political role in the Company. The Company shall insist on simultaneous planning of Party construction and reform, simultaneous establishment of party organizations and working organs, simultaneous allocation of person-in-charge of the Party Organization and staff for Party affairs as well as simultaneous proceeding of Party construction work, and ensure the Company's implementation of the objectives and policies of the Party and the State. The Company shall provide the necessary conditions to facilitate the activities of the Party Organization. The Party members within the Board of Directors, the Supervisory Committee and the management shall proactively support and participate in Party construction work, promote the institutionalization and standardization of Party – building work, and foster the Party Organization's commencement of activities centering on production and operation, as well as the performance of its role.

A 6

The Articles of Association of the Company take effect upon the approval of the General Meeting of the Company and governing national administrations, and prevail over any articles of association of the Company registered with the administration of industry and commerce previously.

From the effective date of the Articles, the Articles constitute a legally binding document regulating the constitution and activities of the Company, and the rights and obligations between the Company and its shareholders, and of the shareholders inter se.

A 7

The Articles are binding on the Company and its shareholders, Directors, supervisors, general manager and other senior management. The forgoing persons may, in accordance with the Articles, make claims relating to the affairs of the Company.

Pursuant to the Articles, shareholders may bring proceedings against the Company, the Company may bring proceedings against shareholders, shareholders may bring proceedings against other shareholders, and shareholders may bring proceedings against Directors, supervisors, general manager and other senior management of the Company.

The above-mentioned other senior management includes the deputy general manager, Secretary to the Board of Directors, the financial controller and other persons determined by the Board of Directors.

The above-mentioned proceedings include proceedings instituted before courts and arbitration proceedings commenced in arbitration tribunals.

**A 8**

The Company may invest in other limited liability companies and joint stock limited companies, and shall be liable to the invested companies to the extent of its investment in such companies. However, unless otherwise provided by laws, the Company shall not assume any joint liability for the debts of an invested company.

**A 9**

The Company is an independent enterprise legal person. All activities of the Company must comply with laws and regulations of PRC and jurisdictions where H shares of the Company are listed. The Company shall protect the lawful rights of its shareholders. The liability of the shareholders of the Company to the Company is limited to the shares held by them. The Company is liable for its debts to the extent of all its assets.

**A 10**

Subject to the compliance with applicable laws and regulations of PRC, the Company has the right to finance or borrow money by ways of, among others, issuing bonds, mortgaging or pledging the ownership of, other rights permitted by Chinese laws and regulations of, or the right to use part or all of its assets, and to provide guarantees for debts of any third parties (including without limitation subsidiaries or affiliates of the Company) under any circumstances, provided that the exercise of such rights shall not prejudice or abrogate rights of shareholders of any classes.

**CHAPTER 2 B I E B J E C T I E A D C E**

**A 11**

The Company's business objective is to give full play to the advantages of a joint stock limited company, fund investment and construction in paper making and related industries through a wide range of channels and accelerate the growth of the Company; to provide excellent products and services that satisfy customers' needs and bring huge profits for all the shareholders.

**A 12**

The Company's business scope is approved by the Company's registration authorities.

The business scope covers manufacturing, processing and distribution of machine – made paper, cardboard and other paper products and paper-making raw materials and paper machines.

According to domestic and international market trends and needs of the domestic business development, the Company's development capability and performance, the Company may, subject to resolutions of the General Meeting and approval of governmental authorities, adjust its investment strategies and business scope and methods from time to time, and establish branches and agencies (whether fully-owned or not) at home and abroad and in Hong Kong, Macao and Taiwan.

**A 13**

The Company shall conscientiously implement the development concepts of innovation, coordination, green, openness and sharing, promote excellent entrepreneurship, proactively fulfill its social responsibilities and develop good corporate governance practices.

**A 14**

The Company shall be active in practicing the concept of green development to integrate ecological and environmental protection requirements into the development strategy and corporate governance process, and proactively participate in ecological civilization construction, thereby playing a demonstrating and leading role in pollution prevention, resource conservation, ecological protection and other aspects.

**A 15**

While maintaining sustainable development, improving business performance, and safeguarding the interests of shareholders, the Company shall also actively fulfill its social responsibilities in terms of community welfare, disaster relief, public welfare undertakings and other aspects.

The Company is encouraged to help poor counties or villages under partner assistance, and proactively connect with and support poor regions to develop industries, foster talents, and promote employment.

CHAOTAI

**A 16**

The CPC Shandong Chenming Paper Holdings Limited Committee has been set up based on the work requirements and according to the number of Party members, as approved by the higher Party committee.

**A        17**

The Party Committee of the Company comprises a Party Committee secretary, deputy Party Committee secretary, and committee members. The chairman serves as the Party Committee secretary and acts as the first person responsible for Party construction.

**A        18**

The Party Committee shall assume major responsibilities for the Party construction work, and all the responsibilities for the research, planning, implementation and monitoring work of Party construction.

**A        19**

The Party Committee shall assume major responsibilities for implementation of the accountability system for the promotion of integrity as the Party conduct.

**A        20**

According to the development and changes of the Company such as property rights, organizational structure and management model, the basic Party organizations shall be established and adjusted in a timely manner.

**A        21**

The funding for Party construction work shall be included in the Company's budget and charged as the Company's management costs, and the Party Committee shall be control the use of such funding.

**A        22**

Labour union, youth league committee and other organizations shall be established and commence work as required.

A 23

The Company shall at all time have ordinary shares. The Company may, in accordance with its needs and upon the approval of the Company's supervisory department authorized by the State Council, create shares of other classes such as preference shares.

A 24

Ordinary shares issued by the Company shall have a par value of RMB1.

The above-mentioned RMB refers to the legal currency of the PRC.

A 25

The Company may, upon approval of securities regulatory authorities of PRC, issue shares to domestic and overseas investors.

For purpose of the preceding paragraph, foreign investors mean investors in foreign countries, Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan who subscribe for shares issued by the Company; domestic investors mean investors in PRC other than the above-mentioned regions who subscribe for shares issued by the Company.

A 26

Ordinary shares issued by the Company to domestic investors and subscribed for in Renminbi are domestic RMB-denominated common shares (A share). Ordinary shares issued by the Company to overseas investors for subscription in foreign currencies are foreign shares. Foreign shares listed in Chinese Mainland are domestic listed foreign shares (B share); foreign shares listed overseas are overseas listed foreign shares. Domestic shares and domestic listed foreign shares are categorized as domestic listed shares, while overseas listed foreign shares are categorized overseas listed shares.



The foregoing foreign currencies refer to legal currencies of foreign countries or regions accepted by the national foreign currency administrative authorities and can be used to subscribe for shares of the Company.

Overseas listed foreign shares issued by the Company in Hong Kong are H shares. H shares refer to ordinary shares listed in The Stock Exchange of Hong Kong Limited ("SEHK"), denominated in Renminbi and subscribed for and traded in Hong Kong dollar.

Upon the approval of securities supervisory authorities of PRC, domestic share shareholders may transfer their shares to overseas investors and the shares can be listed and traded overseas. The listing and trade of the transferred shares in overseas exchanges must comply with supervisory procedures, regulations and requirements of the overseas securities markets. Listing and dealing of the transferred shares on overseas stock exchanges is not subject to vote by separate class shareholder meetings.

A 27

Approved by the company approval department authorized by the State Council, the Company has a total of 2,934,556,200 ordinary shares in issue. The total number of ordinary shares issued in the initial public offering is 66,647,400 shares. The number of shares issued to the promoter at the time of its establishment is 46,497,400, accounting for 69.77% of the aggregate issued by the Company in the initial public offering, and accounting for 1.58% of the Company's total number of ordinary shares issued.

A 28

Approved by Document [1997] No.63 issued by the People's Government of Shandong Province on February 28, 1997 and by Securities Commission of the State Council on May 4, 1997, the Company issued 115,000,000 domestic listed foreign shares for the first time to overseas investors. The shares became listed in Shenzhen Stock Exchange on May 26, 1997.

Approved by Zheng Jian Gong Si Zi [2000] No.151 issued by China Securities Regulatory Commission on September 30, 2000, the Company issued 70,000,000 Renminbi – denominated ordinary shares, which became listed in Shenzhen Stock Exchange on November 20, 2000.

Approved by The Stock Exchange of Hong Kong Limited, the Company initially issued 355,700,000 H shares, which became listed on the SEHK on June 18, 2008, in a global offering.

Approved by Zheng Jian Xu Ke [2015] No. 2130 issued by China Securities Regulatory Commission on September 17, 2015, to non-publicly issue not more than 45,000,000 preference shares through several times. The initial issuance of not less than 22,500,000 shares was completed within 6 months from the date of approval for issuance, and the remaining issuances were completed within 24 months from the date of approval for issuance. Among which, 22,500,000 preference shares issued in the first tranche were listed for transfer on Shenzhen Stock Exchange's negotiated transaction platform on April 8, 2016, 10,000,000 preference shares issued in the second tranche were listed for transfer on Shenzhen Stock Exchange's negotiated transaction platform on September 12, 2016, and 22,500,000 preference shares issued in the third tranche were listed for transfer on Shenzhen Stock Exchange's negotiated transaction platform on October 24, 2016. The preference shares issued above were redeemed on March 17, 2021, August 16, 2021 and September 22, 2021, respectively.

In addition to the above issuance of A shares, B shares, H shares and preference shares, subsequent to a series of bonus shares, capital increase from conversion, convertible bonds, repurchase of B shares, repurchase of H shares, equity incentives, redemption of preference shares, repurchase and cancellation of some restricted shares which have been granted but not yet unlocked, etc., the current shareholding structure of the Company is as follows:

2,934,556,200 ordinary shares, of which:

1,699,865,684 A shares held by shareholders of domestic listed domestic shares, accounting for 57.93% of the total shares; including 457,322,919 A shares (state-owned corporate shares) held by Chenming Holdings Limited (晨鳴控股有限公司), accounting for 15.58% of the total shares. 1,242,542,765 A shares held by shareholders of other domestic shares, accounting for 42.34% of the total shares;

706,385,266 B shares held by shareholders of domestic listed foreign shares, accounting for 24.07% of the total shares; and

528,305,250 H shares held by shareholders of overseas listed foreign shares, accounting for 18.00% of the total shares.

## A 29

The Board of Directors of the Company may separately implement plans approved by securities supervisory authorities of PRC to issue domestic shares, domestic and overseas listed foreign shares.

The Company's plans for the separate issues of domestic shares, domestic and overseas listed foreign shares in accordance with the foregoing may be implemented separately within 15 months of the approval by securities supervisory authorities of PRC.

**A 30**

Of the total number of shares specified in an issue plan of the Company, including domestic shares, domestic and overseas listed foreign shares, shares of each class must be fully subscribed for in each offering. Where it is impossible to fully subscribe for shares of any class, such shares can be issued through several times subject to the approval of securities supervisory authorities of PRC.

**A 31**

The Company's registered capital is RMB2,934,556,200.

**A 32**

The Company may, according to its business and development needs and laws and regulations, and subject to resolutions of the General Meeting, may increase its capital by:

- (1) Public offering shares;
- (2) Non-public offering shares;
- (3) Issuing bonus shares to existing shareholders;
- (4) Converting capital reserves into share capital; and
- (5) Other ways approved by laws and regulations.

To increase its capital by issuing new shares, the Company shall obtain the approval under provisions of the Articles, and proceed according to laws and regulations of the PRC.

**A 33**

According to its business and development needs and laws and regulations, and subject to resolutions of the General Meeting, the Company may issue convertible bonds. Convertible bonds are issued to the public.

Bond holders may convert their bonds into shares of the Company during the conversion period according to the conversion price and procedures stipulated in the prospectus of the convertible bonds; bonds will be cancelled after being converted and the Company will issue ordinary shares that represent the corresponding interests to the bond holders and the Company's registered capital will increase correspondingly.

**A 34**

Unless otherwise provided by laws and regulations, shares of the Company can be freely transferred, clear of any lien.

**A 35**

Domestic shares, domestic and overseas listed foreign shares must be traded, granted, inherited and mortgaged in accordance with provisions of laws of PRC and the Articles. Assignment and transfer of the Company's shares shall be registered with the share registrar appointed by the Company, and in accordance with the relevant requirements.

**A 36**

After shares of the Company are transferred, names of the transferees as holders of the shares will be listed in the register of shareholders.

**A 37**

Issues or transfer of all overseas listed foreign shares will be registered on the register of shareholders of overseas listed foreign shares, which is deposited in Hong Kong according to Article 52 of the Articles.

**A 38**

Shareholders holding overseas listed foreign shares shall use the assignment forms and transfer documents stipulated by the Stock Exchange of Hong Kong to transfer all or part of their shares. The transfer documents must be signed by the transferors and transferees by person or imprinted with seals.

**A 39**

The Company shall stop mailing dividend warrants when:

- (1) such warrants are not cashed on two consecutive occasions; or
- (2) the first occasion on which such warrants are returned undelivered.

**A 40**

The Company may sell the shares of a shareholder who is untraceable and keep the proceeds if:

- (1) during a period of twelve (12) years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the shareholder; and
- (2) on expiry of the twelve (12) years the Company gives notice upon approval of securities supervisory authorities of PRC of its intention to sell the shares by way of publishing an announcement in newspapers and notifies the authority and the relevant foreign securities regulators of such intention.

Where power is taken to forfeit unclaimed dividends, such power shall only be exercised after the expiration of the applicable period.

**A 41**

The Company or its subsidiaries (including affiliates of the Company) shall not, by way of a gift, advance, guarantee, compensation, loans or otherwise, provide any financial assistance to a person who acquires or intends to acquire shares of the Company.

**A 42**

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

**A 43**

To reduce its registered capital, the Company shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days of the resolution for the reduction of its registered capital, and shall make announcements on newspapers within 30 days thereof. The creditors have the right, within 30 days of receiving the notice or, if such notice is not received, within 45 days of the publication of the announcement, to require the Company to repay its debts or provide a guarantee for the repayment.

The reduced registered capital of the Company shall not be lower than the minimum amount prescribed by law.

**A 44**

Subject to approval obtained in accordance with the procedures prescribed in the Articles and approval of securities supervisory authorities of PRC, the Company may repurchase its outstanding shares for the following purposes:

- (1) to cancel its shares for reducing its share capital;
- (2) to merge with another company that holds shares of the Company;
- (3) to use shares for employee stock ownership plans or equity incentives;
- (4) to acquire shares held by shareholders who disagree with the resolutions made by general meetings about mergers and division of the Company;
- (5) to use the shares for conversion into convertible corporate bonds issued by the Company;
- (6) to safeguard the Company's value and shareholders' rights and interests; or
- (7) other circumstances prescribed by laws and regulations.

**A 45**

Acquisition of the Company's own shares for any of the reasons mentioned in (1) and (2) of Article 44 herein is subject to a resolution of a general meeting. Acquisition of the Company's own shares for the circumstances specified in (3), (5) and (6) of Article 44 herein is subject to a resolution of a Board meeting attended by more than two-thirds of the Directors in accordance with the provisions of the Articles of Association or the authorization of the general meeting of shareholders.

**A 46**

The Company may acquire its own shares through open and centralized trading or other methods permitted by laws, regulations, regulatory provisions, self-disciplinary rules and other relevant provisions. Acquisition of the Company's own shares under the circumstances set out in (3), (5) and (6) of paragraph 1 of Article 44 of the Articles of Association shall be made through open and centralized trading.

**A 47**

Shares repurchased by the Company according to (1) of Article 44 herein shall be cancelled within 10 days of the repurchase; according to (2) and (4) shall be transferred or cancelled within 6 months of the repurchase, and the Company shall apply to the original company registration authority for alteration of its registered capital as to changes in the registered capital of the Company..

For the shares repurchased by the Company under (3), (5) and (6) of Article 44, the total number of the Company's shares held by the Company shall not exceed 10% of the total number of issued shares of the Company, and shall be transferred or cancelled within three (3) years

**A 48**

The Company or its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who is acquiring or will acquire shares of the Company. The said person includes those who directly or indirectly assume any obligations caused by the acquisition of shares.

The Company or its subsidiaries shall not, by any means at any time, provide financial assistance to the said acquirer for the purpose of reducing or discharging the obligations assumed by that person.

This provision does not apply to the circumstances stated in Article 50 herein.

**A 49**

The financial assistance mentioned herein includes without limitation:

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation in respect of the Company's own default) or release or waiver of any rights;
- (3) provision of loans or any other agreements under which the obligations of the Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the assignment of rights arising under, such loans or agreements;
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced sharply.

The expression "assuming an obligation" referred to in this chapter includes the assumption of obligations by changing the obligor's financial position through a contract or an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or any other means.



The following activities shall not be deemed prohibited by Article 48:

- (1) the provision of financial assistance conducted in good faith in the interest of the Company, and the principal purpose of giving the financial assistance is not for the acquisition of shares of the Company, or the giving of the financial assistance is an incidental part of a master plan of the Company;
- (2) the lawful distribution of the Company's assets as dividend;
- (3) the allotment of bonus shares;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the shareholding structure of the Company in accordance with the Articles;
- (5) the lending of money by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company); and
- (6) the provision of money by the Company for contributions to the staff's share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company).

CHAPTER 7 SHARE CERTIFICATE AND REGISTRATION OF SHAREHOLDERS

Share certificates shall be in paper form or other forms prescribed by the securities regulatory authority of the State Council.

The following major items shall be specified on the share certificate:

- (1) the Company's name;
- (2) the Company's incorporation date;

- (3) the class of the share certificate, the par value and the number of shares represented by the share certificate;
- (4) the serial number of the share certificate.

The share certificate shall be signed by the legal representative and affixed with the seal of the Company.

The share certificates of promoters shall be indicated with the words “Promoter Share Certificates”.

## **A 52**

The Company shall keep a register of shareholders that shall contain the following particulars:

- (1) the name, address (domicile), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid-up or payable in respect of shares held by each shareholder;
- (4) serial numbers of the shares held by each shareholder;
- (5) the date on which a person registers as a shareholder; and
- (6) the date on which a person ceases to be a shareholder.

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

## **A 53**

The Company may, in accordance with the mutual understanding and agreements made between securities supervisory authorities of PRC and overseas securities regulatory authorities, deposit its register of holders of overseas listed foreign shares outside the PRC and appoint overseas agent(s) to manage such register. The original register of holders of H shares shall be deposited in Hong Kong.

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

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

**A        54**

The register of shareholders shall not be altered for transfer of shares within thirty (30) days before a general meeting or within five (5) days before the benchmark date set by the Company to distribute dividends.

**A        55**

All overseas listed foreign shares shall be transferred by an instrument in writing in any usual or common form or any other form that the Board may approve. The instrument of transfer of any share may be executed by hand without seal. If the shareholder is a recognized clearing house as defined in the laws of Hong Kong or its nominee, the share transfer form may be executed in mechanically-printed form.

**A        56**

All fully paid-up overseas listed foreign shares listed in Hong Kong are freely transferable pursuant to the Articles of Association. However, the Board may refuse to recognize any instrument of transfer without giving any reason unless such transfer fulfils the following conditions:

- (1) A fee of HK\$2 or such higher amount as agreed by the SEHK has been paid to the Company for registration of the transfer instrument and other documents relating or that will affect the right of ownership of the shares;
- (2) the instrument of transfer involves only the overseas listed foreign shares listed in Hong Kong;
- (3) the stamp duty payable on the instrument of transfer has been paid;
- (4) the relevant share certificates and evidence reasonably required by the Board have been provided showing that the transferor has the right to transfer such shares;
- (5) if the shares are to be transferred to joint holders, the number of such joint holders shall not exceed four (4);
- (6) the relevant shares are clear of any lien over.

If the Company refuses to register the transfer of shares, it shall provide a notice of refusal to the transferor and transferee within two (2) months of the formal application of such transfer.

**A 57**

The Company does not accept the Company's shares as the subject of a charge.

**A 58**

Shares of the Company held by the promoter shall not be transferred within one (1) year of the establishment of the Company. Shares issued in prior to the IPO of the Company shall not be transferred within one (1) year since shares of the Company are traded on the stock exchange.

Directors, supervisors and other senior management shall report holdings and changes of holdings to the Company and shall not transfer more than 25% of shares of the Company held by them each year during the term of office; shares of the Company held by them shall not be traded within one (1) year since the shares become tradable. The above-mentioned persons shall not transfer shares of the Company held by them within six (6) months since they leave office.

**A 59**

Proceeds from sales of the Company's shares within six (6) months of the purchase and from purchase of the Company's shares within six (6) months of sales by Directors, supervisors, senior management and shareholders who hold over 5% of the Company's shares belong to the Company and will be obtained by the Board of Directors of the Company, except for securities brokers that purchase more than 5% of the Company's shares as a result of the outstanding stocks after the underwriting of shares and other circumstances stipulated by the China Securities Regulatory Commission.

The shares or other equity securities held by Directors, supervisors, senior management or natural person shareholder mentioned in the preceding paragraph shall include the shares or other equity securities held by his/her spouse, parents and children and held through another person's account.

If Board of Directors of the Company fails to comply with the foregoing provision, shareholders have the right to require the Board to comply with the provision within thirty (30) days. If the Board fails to do so as required, shareholders have the right to bring proceedings in their names to people's courts in the interests of the Company.

If the Board fails to comply with the first provision of the article, the responsible Directors shall assume joint liability.

**A 60**

When, through securities trading on a stock exchange, any investor holds 5% or more of the voting shares issued by the Company by himself or through any agreement, other arrangements or jointly with others, the shareholder shall report to securities supervisory authorities of the State Council and the stock exchange in writing, notify the Company and make an announcement within three (3) days of the date when the fact happens; during the given period, the shareholder shall not purchase or sell the Company's shares, except for circumstances stipulated by the securities regulatory authority of the State Council.

**A 61**

If any investor holds 5% or more of the voting shares issued by the Company by himself/herself, or holds through any agreement, other arrangements or jointly with others, for every increase or decrease of 5% in the shareholding ratio of the Company's issued voting shares, such investor shall report to governing authorities and make announcements as required by the foregoing provision, and shall not trade the Company's shares between the occurrence date of such fact and within three (3) days after the date of the announcement, except for circumstances stipulated by the securities regulatory authority of the State Council.

After any investor holds 5% or more of the voting shares issued by the Company by himself/herself, or holds through any agreement, other arrangements or jointly with others, for every increase or decrease of 5% in the shareholding ratio of the Company's issued voting shares, the investor shall notify the Company on the day following the occurrence of such fact and make an announcement.

In the event of a breach of paragraph 1 and paragraph 2 in the purchase of the Company's voting shares, the voting rights of the shares in excess of the prescribed proportion shall not be exercisable for 36 months following the purchase.

**A 62**

For securities trading on a stock exchange, when an investor holds or jointly holds with others by agreement or other arrangement 30% of the issued voting shares of a listed company, and continues to make acquisitions, such investor shall make an offer to acquire all or part of the shares of the listed company to all shareholders of the listed company in accordance with the law.

The offer to acquire part of the shares of the listed company shall stipulate that if the amount of shares committed to be sold by the shareholders of the acquired company exceeds the amount of shares intended to be acquired, the acquirer shall acquire the shares on a proportional basis.

**A 63**

When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholdings, the Board shall decide on a date for the determination of rights attaching to shares in the Company. Shareholders whose names appear in the register of shareholders at the end of the record date are shareholders of the Company.

**A 64**

Any person who objects to the register of shareholders and requests to have his name added into or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

Any shareholder who is registered in, or any person who requests to have his name added into the register of shareholders, may (if his share certificates (the “original certificates”) are lost) apply to the Company for a replacement share certificate in respect of such shares (the “relevant shares”).

Unless the Company truly believes that the original certificates are destroyed, the Company shall not issue new share certificate to replace the lost share certificates.

If a holder of domestic shares loses his share certificates and applies for replacement, it shall be dealt with in accordance with provisions of the Company Law and other laws and regulations.

If a holder of overseas listed foreign shares loses his share certificates and applies for replacement, it may be dealt with in accordance with governing laws, the rules of the stock exchange or other relevant regulations of the place where the original register of holders of overseas listed foreign shares is deposited.

The issue of replacement share certificates to holders of H shares shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in prescribed form with a notarization or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as statement that no other person shall be entitled to request to be registered as the shareholder of the relevant shares.
- (2) No statement has been received by the Company from a person other than the applicant for having his name registered as a holder of the relevant shares before the Company came to a decision to issue the replacement share certificate.
- (3) The Company shall, if it decides to issue a replacement share certificate to the applicant, make an announcement of its intention to issue the replacement share certificate in such newspapers designated by the Board. The announcement shall be made at least once every thirty (30) days in a period of ninety (90) days.
- (4) The Company shall have, prior to the publication of its announcement of intention to issue a replacement certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited in the stock exchange for ninety (90) days.

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

- (5) If, upon expiration of the 90-day period specified in (3) and (4) of this article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to his application.
- (6) Where the Company issues a replacement share certificate under this article, it shall forthwith cancel the original certificate and record the cancellation and issue in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of an original share certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**A 66**

Where the Company issues a replacement share certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case that he is a bona fide purchaser) shall not be removed from the register of shareholders.

**A 67**

The Company shall not be liable for any damage sustained by any person due to the cancellation of the original certificate or the issuance of the replacement certificate, unless the claimant proves that the Company had acted fraudulently.

**CHAPTER 8 SHAREHOLDERS' RIGHTS AND OBLIGATIONS**

**A 68**

A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders.

A shareholder enjoys the relevant rights and assumes the relevant obligations in accordance with the class and number of shares he holds. Shareholders holding the same class of shares are entitled to the same rights and assume the same obligations.

For joint holding of any shares, if one of the joint shareholders is deceased, only the other existing shareholders of the joint shareholder shall be deemed as the owners of the relevant shares. But the Board has the power to require them to provide a certificate of death of the relevant shareholder to modify the relevant register of shareholders. For any of the joint shareholders of the shares, only the joint shareholder ranking first in the register of shareholders has the right to accept certificates of the relevant shares from the Company, receive notices of the Company, attend and vote at shareholders' general meetings of the Company of all the relevant shares. Any notice delivered to the aforesaid shareholder shall be deemed delivered to all the joint shareholders of the relevant shares.

All shareholders of the Company have the following rights:

- (1) the right to dividends and other distributions in proportion to the number of shares held;
- (2) the right to request, convene, host, attend or appoint a proxy to attend shareholders' general meetings and to exercise the corresponding voting right;
- (3) the right to supervise and manage business activities of the Company and to put forward proposals and raise inquiries;
- (4) the right to transfer, gift or pledge shares held by them in accordance with the laws, administrative regulations and the Articles of Association;
- (5) the right to inspect the Articles of Association, the register of shareholders, corporate bond receipts, minutes of shareholders' general meetings, resolutions of Board meetings, resolutions of meetings of the Supervisory Committee and financial and accounting reports;
- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held; and
- (7) the right to request the Company to acquire shares held by shareholders who disagree with the resolutions on mergers and division of the Company made by general meetings;
- (8) other rights provided by laws, administrative regulations and the Articles of Association.

The Company shall not exercise any power to freeze or infringe in any other way the rights carried by any share held by any person who enjoys interests directly or indirectly merely for the reason that he has not disclosed his interests to the Company.

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding provision shall provide the Company with written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide such information at the shareholder's request.



If a resolution passed at the Company's general meeting or Board meeting violates laws or administrative regulations, shareholders have the right to institute proceedings before a people's court to render the resolution invalid.

If the procedures for convening, or the method of voting at, a shareholders' general meeting or Board meeting violate laws, administrative regulations or the Articles of Association, or a resolution violates the Articles of Association, shareholders are entitled to institute proceedings before a people's court to rescind such resolution within sixty (60) days of the adoption of such resolution.

Where the Company incurs losses as a result of Directors' and senior management's violation of laws, administrative regulations or the Articles of Association in the course of performing their duties with the Company, shareholders individually or jointly holding 1% or more of the Company's shares for more than 180 consecutive days have the right to request in writing the Supervisory Committee to institute proceedings before a people's court. Where the Company incurs losses as a result of the Supervisory Committee's violation of any provision of laws, administrative regulations or the Articles of Association in the course of performing its duties with the Company, the shareholders have the right to request in writing the Board to institute proceedings before a people's court.

If the Supervisory Committee or the Board refuses to institute proceedings after receiving the written request of the said shareholders, or fails to institute such proceedings within thirty (30)

All shareholders of the Company shall assume the following obligations:

- (1) to abide by the Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription; and
- (3) Except for the circumstances stipulated by laws and regulations, no withdrawal of shares is allowed;
- (4) not to abuse the rights of shareholders to harm the interests of the Company or other shareholders; not to abuse the independent status of the Company as a legal person and the limited liability of shareholders to harm the interests of any creditors of the Company;
- (5) other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders of the Company shall be liable for indemnity in accordance with the laws if he/she/it abuses his/her/its shareholder's rights and causes loss on the Company or other shareholders. Shareholders of the Company, who abuse the Company's independent status as a legal person and the shareholders' limited liability or evades the repayment of debts resulting in materially damaging the interests of the creditors of the Company, shall be jointly and severally liable for the debts of the Company.

Where a shareholder holding 5% or more voting shares of the Company pledges any shares in his possession, he shall report the same to the Company in writing on the date of the said pledge.

In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange where shares of the Company are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or some of the shareholders of the Company:

- (1) to relieve a Director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the deprivation by a Director or supervisor (for his own benefit or for the benefit of another person), by any means, of the Company's assets, including (without limitation) opportunities beneficial to the Company;
- (3) to approve the deprivation by a Director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights save for restructuring of the Company submitted to the general meeting of shareholders for approval in accordance with the Articles of Association.

**A        75**

The controlling shareholder shall assist the Company in promoting the labour, personnel and distribution system reform, improving the business and management systems, establishing a system featuring competition, employment based on performance, flexible income distribution and effective incentives.

**A        76**

Neither the controlling shareholder nor the beneficial controller of the Company may prejudice the interests of the Company by taking advantage of his connected relationship. Anyone who causes any loss to the Company as a result of violating the provisions shall be liable for the compensation.

The controlling shareholder and the beneficial controller of the Company owe a fiduciary duty to the Company and its publicly issued share holders. The controlling shareholder shall strictly exercise the rights as a subscriber, and the controlling shareholder shall not impair the legitimate rights and interests of the Company and the publicly issued share holders through profit distribution, asset reorganization, overseas investment, capital use and loans and guarantees, and shall not impair the interests of the Company and the publicly issued share holders by using its controlling status in the Company.

**A        77**

The appointment of senior management shall strictly comply with the requirements of the laws, regulations and the Articles of Association. The candidates nominated by a controlling shareholder for Directors and supervisors of the Company shall have the relevant professional expertise and the capacity to make decisions and to carry supervisory tasks. A controlling shareholder, a beneficial controller and a related party shall not interfere with the normal selection and appointment procedures of senior management, and shall not directly appoint or dismiss any member of senior management without proper authorization from the shareholders' general meeting or the Board.

The Company is encouraged to adopt an open and transparent approach to recruiting senior management.

**A        78**

Major decisions of the Company shall be made by the shareholders' general meeting and the Board in accordance with laws. A controlling shareholder or beneficial controller shall not interfere, directly or indirectly, with production and business activities of the Company developed according to the law, nor shall it prejudice the rights and interests of the Company and other shareholders.

**A        79**

The personnel, assets, financial affairs, institution and business of a controlling shareholder and beneficial controller of the Company shall be separate from and independent of that of the Company. The Company shall keep separate accounts and assume liability and risks independently.

**A 80**

Personnel of the Company shall be independent from the controlling shareholder. The senior management of the Company shall not hold other administrative positions other than directors and supervisors in the controlling shareholder. Any senior management of the Company's controlling shareholder who serve concurrently as a Director or supervisor of the Company shall ensure that he/she has sufficient time and effort to work for the Company.

**A 81**

Any assets contributed by a controlling shareholder in the Company shall be independent and in its entirety, and with ownership unencumbered. If a controlling shareholder contributes capital in the form of non-monetary assets, the controlling shareholder shall complete the formalities required for the change in title and clearly define the scope of such assets. The Company shall register such assets separately, establish a separate account and carry out the accounting and management of such assets separately. The controlling shareholder shall not use or dispose of such assets, or interfere with the Company's operation and management of such assets.

**A 82**

Business of the Company shall be independent from the controlling shareholder and beneficial controller. A controlling shareholder, beneficial controller and other entities under their control shall not engage in any business identical or similar to that of the Company. A controlling shareholder and beneficial controller shall take effective measures to avoid horizontal competition.

**A 83**

The Company shall establish a sound financial and accounting management system and insist on keeping separate accounts in accordance with the requirements of relevant laws, regulations and the Articles of Association. A controlling shareholder, beneficial controller and their related parties shall respect the Company's financial independence and shall not interfere with the Company's financial and accounting activities.

**A 84**

The Company's Board of Directors, the Supervisory Committee and other internal structures operate independently. The controlling shareholder, beneficial controller and its internal structures have no senior/subordinate relationship with the Company and its internal structures. The controlling shareholder, beneficial controller and their related parties shall not interfere with the specific operation of the Company in violation of laws and regulations, the Articles of Association and the prescribed procedures, nor affect its business and management independency.

Capital flows between the Company and its controlling shareholder and beneficial controller shall comply with the following rules:

- (1) The appropriation of the Company's capital shall be strictly restricted to the operational capital flows between the controlling shareholder and beneficial controller with the Company. The controlling shareholder and beneficial controller shall not request the Company to advance any periodical expenses on salaries, benefits, insurance and advertisement etc. on their behalf, and each party shall not undertake costs and other expenses on behalf of any other party;
- (2) The Company shall not provide capital for use by the controlling shareholder and beneficial controller directly or indirectly in the following ways:
  1. Lending the Company's capital at a consideration or nil consideration for use by the controlling shareholder or beneficial controller;
  2. Providing commission loans to the controlling shareholder or beneficial controller through a bank or a non-bank financial institution;
  3. Commissioning the controlling shareholder or beneficial controller to conduct investment activities;
  4. Issuing trade acceptance that lack authentic basis to the controlling shareholder or beneficial controller;
  5. Repaying debts on behalf on the controlling shareholder or beneficial controller; and
  6. Other ways specified by securities supervisory authorities of PRC.

## CHAPTER 9 THE GENERAL MEETING

The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with the law.

The shareholders' general meeting may exercise the following functions and powers:

- (1) to decide on the operating policies and investment plans of the Company;
- (2) to elect and replace Directors and supervisors who are not employee representatives, and to decide matters concerning the remuneration of Directors and supervisors;

- (3) to examine and approve reports of the Board;
- (4) to examine and approve reports of the Supervisory Committee;
- (5) to examine and approve the Company's proposed annual preliminary and final financial budgets;
- (6) to examine and approve the Company's profit distribution plans and plans for making up losses;
- (7) to decide on increases or reductions in the Company's registered capital;
- (8) to decide on matters such as merger, division, dissolution and liquidation of the Company;
- (9) to decide on the issue of bonds by the Company;
- (10) to adopt resolutions on the Company's appointments or, dismissals of accounting firms;
- (11) to examine and approve the guarantee stipulated in Article 88;
- (12) to examine matters relating to the purchases and disposals of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets;
- (13) to examine and approve matters relating to changes in the use of proceeds;
- (14) to examine and approve the equity incentive plans and employee stock ownership plans;
- (15) to amend the Articles of Association;
- (16) to examine the proposals submitted by shareholders holding not less than 3% (inclusive) of the Company's voting shares;
- (17) to authorize or delegate to the Board to handle other matters authorized or delegated by it;
- (18) other matters required by laws, administrative regulations and the Articles of Association to be resolved by the general meeting of shareholders.

The following provision of guarantees to third parties by the Company are subject to the review and approval of the general meeting of shareholders upon the review and approval of the Board of Directors.

- (1) a single guarantee that exceeds 10% of the Company's latest audited net assets;
- (2) any guarantee provided after the total amount of guarantee to third parties provided by the Company and its controlled subsidiaries has reached or exceeded 50% of the Company's latest audited net assets;
- (3) any guarantee provided after the total amount of guarantee to third parties provided by the Company and its controlled subsidiaries has reached or exceeded 30% of the Company's latest audited total assets;
- (4) a guarantee provided to a party with an asset-liability ratio of over 70% as shown in its latest financial statement;
- (5) the cumulative guarantee amount in the last 12 months has exceeded 30% of the Company's latest audited total assets;
- (6) the guarantee to be provided in favour of shareholders, beneficial controllers and their related parties; and
- (7) other guarantees stipulated in the relevant laws and regulations, and the Articles of Association.

When a guarantee is reviewed by the Board of Directors, it shall be reviewed and approved by more than two-thirds of the Directors present at the Board meeting. When a guarantee mentioned in clause (5) above is reviewed at the shareholders' general meeting, it shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting.

When a proposal on providing guarantee for any shareholder, beneficial controller and its related parties is being reviewed at the shareholders' general meeting, the said shareholder or the shareholders controlled by the said beneficial controller shall abstain from voting on the proposal, and the proposal shall be subject to approval by a simple majority of the voting rights of the other shareholders attending the meeting.

The controlling shareholder, beneficial controller and other affiliates shall not compel the Company to provide guarantees for others.

Unless a prior approval is obtained in a shareholders' general meeting, the Company shall not enter into any contract with any party other than the Directors, supervisors, managers and other senior management, pursuant to which such party shall be responsible for managing the whole or any substantial part of the Company's business.

**A 90**

General meetings of shareholders include annual general meetings and extraordinary general meetings of shareholders. A general meeting of shareholders shall be convened by the Board. The annual general meeting of shareholders shall be held once every year within six (6) months after the end of the previous accounting year.

The Board shall hold an extraordinary general meeting of shareholders within two (2) months upon the occurrence of one of the following circumstances:

- (1) the number of Directors is less than the number required by the Company Law or less than two-thirds of the number required by the Articles of Association;
- (2) the uncovered losses are in excess of one third of the Company's total paid-in capital;
- (3) request by shareholder(s) individually or jointly holding not less than 10% of the Company's shares;
- (4) the Board considers it necessary or the Supervisory Committee proposes to hold such a meeting;
- (5) independent Directors propose to hold such a meeting according to the Articles of Association; and
- (6) other circumstances as provided by laws and regulations, departmental rules or the Articles of Association.

**A 91**

Independent Directors shall have the right to propose to the Board to convene an extraordinary general meeting. The Board shall reply in writing, within ten (10) days of receiving such proposal, whether it consents to such proposal in accordance with the provisions of the laws, administrative regulations and the articles of association of the Company.

The Board shall give the notice convening an extraordinary general meeting within five (5) days after it has passed the relevant resolution. The Board shall give reasons for its objection to convene such a general and publish an announcement in this regard.

**A 92**

The Supervisory Committee is entitled to propose, in writing, to the Board to convene an extraordinary general meeting. The Board shall reply, in writing, within ten (10) days of receiving such proposal, whether it consents to such proposal in accordance with the provisions of the laws, administrative regulations and the Articles of Association.



The Board shall give the notice convening an extraordinary general meeting within five (5) days after it has passed the relevant resolution. Any change to the original proposal is subject to the consent of the Supervisory Committee.

If the Board rejects to convene such a general meeting or fails to reply within ten (10) day of receiving such proposal, it shall be deemed as being unable or having failed to fulfil its duties to convene general meetings, in which circumstances, the Supervisory Committee may convene and chair the general meeting.

## **A 93**

Any shareholders individually or aggregately holding more than 10% of the shares with voting rights of the Company are entitled to request, in writing, to the Board to convene an extraordinary general meeting. The Board shall reply, in writing, within ten (10) days of receiving such proposal, whether it consents to such request in accordance with the provisions of the laws, administrative regulations and the Articles of Association.

The Board shall give the notice convening an extraordinary general meeting within five (5) days after it has passed the relevant resolution. Any change to the original request is subject to the consent of such shareholders.

If the Board rejects to convene such a general meeting or fails to reply within ten (10) day of receiving such request, such shareholders individually or aggregately holding more than 10% of the shares with voting rights of the Company are entitled to request, in writing, to the Supervisory Committee to convene such an extraordinary general meeting.

The Supervisory Committee shall give the notice convening an extraordinary general meeting within five (5) days after it has passed the relevant resolution. Any change to the original request is subject to the consent of such shareholders.

If the Supervisory Committee fails to give a notice convening such a general meeting within the prescribed time, it shall be deemed as having failed to convene such a general meeting, in which circumstance, shareholders individually or aggregately holding more than 10% of the shares with voting rights of the Company for more than ninety (90) consecutive days are entitled to convene and chair such a general meeting.

## **A 94**

If the Supervisory Committee or the shareholders decide to convene and chair a general meeting of the shareholders, the Supervisory Committee or the shareholders shall notify the Board in writing and make filings with the stock exchange.

Before issuing a notice of resolutions of shareholders' general meeting, the convening shareholders shall have a shareholding of no less than 10%.

Upon issuance of the notice of shareholders' general meeting and notice of resolutions of shareholders' general meeting, the Supervisory Committee or the convening shareholders shall submit relevant proof to the stock exchange.

**A 95**

When a shareholders' general meeting is convened by the Supervisory Committee or by the shareholders, the Board and the Secretary to the Board shall act in concert therewith. The Board shall provide the register of shareholders as on the record date.

**A 96**

When a shareholders' general meeting is convened by the Supervisory Committee or by the shareholders, the Company shall bear all the necessary expenses thereof.

**A 97**

The general meeting of shareholders will have a venue and be held in the form of an on-site meeting. The Company will also provide online voting to facilitate shareholders' participation in the general meetings of shareholders. Shareholders who participate in the general meeting of shareholders through the above methods are deemed to have attended the meeting in person.

The place for holding the general meeting of shareholders is: the place of domicile of the Company or other place as determine by the Board. The selection of the time and place of the on-site meeting shall facilitate the participation of shareholders. After the notice of the general meeting of shareholders is issued, the venue of the on-site meeting of the general meeting of shareholders shall not be changed without justifiable reasons. If a change in venue is necessary, the convener shall announce and explain the reasons at least two (2) working days before the on-site meeting.

**A 98**

The General Meeting shall be convened and presided over by the chairman. When the chairman is unable or fails to perform his duties, the vice-chairman shall perform the said duties; when the vice-chairman is unable or fails to perform his duties, a Director jointly elected by more than half of the total number of the Directors shall perform the said duties.

In a General Meeting convened by the Supervisory Committee, the chairman of the Supervisory Committee serves as the chairman of the meeting. When the chairman of the Supervisory Committee is unable or fails to perform his duties, a supervisor jointly elected by more than half of the total number of the supervisors shall perform the said duties.

In a General Meeting convened by the shareholders, the convener shall nominate a representative to chair the meeting.

**A 99**

During a General Meeting, should the chairman of the meeting violates the rules of procedures and hence the meeting cannot continue, the General Meeting may elect a person to preside over and continue the meeting with the approval of more than half of the participating shareholders with voting rights.

**A 100**

Notice of shareholders' general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders twenty (20) clear working days (both days exclusive) before the meeting. Notice of extraordinary general meetings shall be given to all shareholders fifteen (15) days prior to the meeting.

Regarding the calculation of the notice period, the date of the meeting and the date when the notice is given shall not be included.

**A 101**

When the Company convenes a shareholders' general meeting, shareholder(s) individually or jointly holding 3% (inclusive) or more of the total voting shares of the Company shall have the right to propose new motions in writing ten (10) working days prior to the meeting, and the Company shall issue a supplementary notice with regard to motions that fall within the functions and powers of the general meetings within two (2) working days of receiving such proposals.

The proposal on nomination of Directors shall be submitted, notified and announced at least 10 (ten) (Hong Kong) trading days before the date of convening the shareholders' general meeting.

**A 102**

Such motions in general meetings shall satisfy the following criteria:

- (1) The motions shall be within the scope of the powers of the general meeting;
- (2) The motions shall set out specific matters for consideration and resolution; and
- (3) The motions shall comply with the relevant provisions of laws, administrative regulations and the Articles of Association.

**A 103**

Where the elections of Directors and Supervisors are to be discussed, a notice of the general meeting of shareholders shall fully disclose the particulars of the candidates and at least shall include:

- (1) personal particulars such as educational background, working experience and part-time jobs, and employment in units such as shareholders holding more than 5% of the Company's shares and beneficial controllers, as well as their positions as directors, supervisors, and senior management of other institutions in the last five years;

- (2) whether or not the candidates have any affiliated relation with shareholders holding more than 5% of the Company's shares, beneficial controllers, and other Directors, supervisors and senior management of the Company;
- (3) their shareholding of the Company;
- (4) whether or not they have been penalized by the CSRC and other relevant departments, and disciplined by the stock exchange, whether or not they have been suspected of any crime which is under formal investigation by the judicial authority or any non-compliance which is under formal investigation by the CSRC, for which definitive conclusions are pending;
- (5) whether or not they have been publicized by the CSRC on the illegal and dishonest information public inquiry platform of the securities and futures market or included in the list of dishonest persons subject to enforcement by the people's court;
- (6) other major matters to be disclosed as required by the stock exchange.

Save the elections of Directors and Supervisors by cumulative voting system, each candidate for a Director or supervisor shall be proposed by way of single proposal.

#### **A 104**

When the Company convenes a General Meeting, the Board, the Supervisory Committee and shareholders individually or jointly holding over 3% of the total shares of the Company are entitled to propose motions to the Company.

Shareholders individually or jointly holding over 3% of the total shares rights of the Company are entitled to propose extraordinary motions to the Company and submit them to the convener ten (10) days before the convening of the General Meeting.

When a shareholder proposes extraordinary motions to the general meeting of shareholders, none of the following circumstances shall occur:

- (1) the shareholder who proposes the motions does not meet the subject qualification requirements such as shareholding ratio;
- (2) the motions are proposed later than the prescribed time;
- (3) The motions are not within the scope of the powers of the general meeting of shareholders;
- (4) The motions do not set out specific matters for consideration and resolution;
- (5) The content of the motions violates laws and regulations and the relevant provisions of Shenzhen Stock Exchange; and
- (6) The content of the motions does not comply with the provisions of the Articles of Association.

Shareholders who put forward extraordinary motions shall provide the convener with supporting documents evidencing holding more than 3% of the Company's shares. If the shareholders jointly propose motions by means of entrustment, the entrusting shareholders shall issue a written authorization to the entrusted shareholder.

Shareholders who put forward extraordinary motions or their authorized agents shall deliver the proposal letter, power of attorney, valid documents indicating the shareholder's identity and other relevant documents to the convener within the prescribed time.

The content of the proposal letter of any extraordinary motion shall include: the name of the motion, the specific content of the motion, the statement from the proposer that the motion complies with the Procedural Rules of the General Meeting, the Guidelines for Standard Operation and the relevant requirements of Shenzhen Stock Exchange, and the statement from the proposer to ensure the authenticity of the shareholding documents and power of attorney provided.

If the extraordinary motions do not fall within the circumstances specified in the third paragraph, the convener may not refuse to submit the extraordinary motions to the general meeting of shareholders for examination. The convener shall issue supplementary notice of the General Meeting within two (2) days after receiving the proposed motions to disclose the name of the shareholders who propose the extraordinary motions, their shareholding ratio and the specific content of the new motions.

If the convener determines that the extraordinary motions fall within the circumstances specified in the third paragraph, and further determines that the general meeting of shareholders shall not vote on the extraordinary motions and make a resolution, the convener shall announce the content of the relevant shareholders' extraordinary motions within two days after receipt of the motions, and explain the basis for the aforementioned decision and its legal compliance. Meanwhile, the convener shall engage a law firm to issue a legal opinion on the relevant reasons and their legal compliance and make a related announcement.

The proposal on nomination of Directors shall be submitted, notified and announced at least ten (10) (Hong Kong) trading days before the date of convening the shareholders' general meeting.

Except as stipulated above, the convener shall not alter the motions listed in the notice of General Meeting or add new motions after the notice of General Meeting has been published.

Motions not listed in the notice of General Meeting or not compliant with the requirements of the Articles of Association shall not be put to vote and passed as a resolution.

A shareholders' extraordinary general meeting shall not decide on any matter not stated in the notice of the meeting.

A notice of the general meeting shall contain the following contents:

- (1) the time, place and deadlines of the meeting;
- (2) submit the matters and motions to the meeting for examination;
- (3) explain in clear words: all shareholders are entitled to attend the general meeting, and may appoint proxies in writing to attend the meeting and vote on their behalf. A proxy need not be a shareholder of the Company;
- (4) the record date for determining the entitlement of shareholders to attend the general meeting of shareholders;
- (5) the name and telephone number of the standing contact person for meeting affairs;
- (6) the voting time and voting procedures for online voting or other means of voting.

The notice and supplementary notice of the general meeting of shareholders shall fully and completely disclose all the specific contents of all motions. If the matters to be discussed require independent Directors to express their opinions, the independent Directors' opinions and reasons will be disclosed at the same time when the notice or supplementary notice of the general meeting of shareholders is issued.

The online voting or other means of voting at the general meeting shall not start earlier than 3:00 p.m. on the day before the on-site general meeting of shareholders, shall not start later than 9:30 a.m. on the day of the on-site general meeting, and shall not close earlier than 3:00 p.m. on the day when the on-site general meeting closes.

The interval between the record date and the date of the meeting shall be no more than seven working days. The share record date shall not change once confirmed.

Notice of shareholders' general meetings shall be served on each eligible shareholder (whether or not such shareholder is entitled to vote at the meeting), by announcement, personal delivery or prepaid airmail to the address of the shareholder as shown in the register of shareholders.

**A 107**

Notice of shareholders' general meetings for shareholders of domestic listed domestic shares A shares and domestic listed foreign shares B shares shall be published on newspapers, periodicals specified and websites specified by securities supervisory authorities of PRC twenty (20) clear working days (both days exclusive) prior to the meeting. Notice of extraordinary general meetings shall be published on newspapers, periodicals specified and websites specified by securities supervisory authorities of PRC fifteen (15) days prior to the meeting. The notices of the relevant shareholders' general meetings will be deemed received by all shareholders of domestic listed domestic shares A shares and domestic listed foreign shares B shares once being published.

Notice of shareholders' general meetings for shareholders of overseas listed foreign shares shall be published on the Company's website and/or the website of the stock exchange where the overseas listed foreign shares are listed twenty (20) clear working days (both days exclusive) prior to the meeting. Notice of extraordinary general meetings shall be published on newspapers, periodicals specified and websites specified by securities supervisory authorities of PRC fifteen (15) days prior to the meeting. The notice will be deemed received by the above-mentioned shareholders once being published.

**A 108**

Subsequent to the dispatch of a notice of the general meeting, the general meeting shall not be postponed or cancelled without proper reasons, and the proposals set out in the notice of the general meeting shall not be withdrawn. Once the meeting is postponed or cancelled, the convener shall make an announcement and give reasons at least two (2) working days prior to the original date of the meeting.

**A 109**

The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting.

**A 110**

All shareholders (including proxies) whose names appear on the register of members on the date of registration of equity entitlements shall be entitled to attend the general meeting and exercise their voting rights in accordance with relevant laws, regulations and the Articles of Association.

**A 111**

Any shareholder entitled to attend and vote at the general meeting shall have the right to appoint one (1) or several persons (who may not be shareholders) to act as his proxy to attend and vote at the meeting on his behalf.



If the said shareholder is a recognized clearing house by the Law of Hong Kong or its proxy (Recognized Clearing House), the shareholder may authorize one (1) or more suitable person to act as its representative at any shareholders' general meeting or at any class meeting; however, if more than one (1) person are authorized, the power of attorney shall clearly indicate the number and types of the stocks involved by way of the said authorization. The persons after such authorization may represent the Recognized Clearing House to exercise the rights, as if they were the individual shareholders of the Company.

**A        112**

The instrument appointing a proxy must be in writing under the hand of the shareholder or his attorney duly authorized in writing; for a corporate shareholder, the proxy must be affixed with the common seal or signed by its Director or attorney or officer duly authorized in writing. The letter of authorization shall contain the number and type of the shares to be represented by the attorney. If several persons are authorized as the attorney of the shareholder, the letter of authorization shall specify the number and type of the shares to be represented by each attorney.

**A        113**

Proxy forms shall be lodged at the domicile of the Company or other places specified in the notice of meeting 24 hours before the relevant meeting for voting according to the proxy form, or 24 hours before the designated time of voting. Where the proxy form is signed by a person under a power of attorney on behalf of the appointer, the power of attorney or other authorization documents authorized to be signed shall be notarized. A notarized copy of that power of attorney or other authorization documents, together with the proxy form, shall be deposited at the domicile of the Company or other places specified in the notice of meeting.

Where the appointer is a legal person, its legal representative or other persons authorized by the resolutions of the Board or other decision-making organ to act as its representatives may attend the general meeting of the Company as a representative of the appointer.

**A        114**

Any form issued to a shareholder by the Board for appointing a proxy shall allow the shareholder to freely instruct the proxy to vote in favour of or against each resolution relating to each matter to be considered at the relevant meeting. Such form shall contain a statement that in the absence of instructions by the shareholder, his proxy may vote as he thinks fit.

**A        115**

Shareholders who vote online shall be registered in compliance with provisions in, among others, the Rules for General Meetings of Listed Companies (amended in 2022), Implementation Rules for Online Voting of Meeting Securities Holders of China Securities Depository and Clearing Corporation Limited, Implementation Rules for Online Voting of Shareholders' Meeting of Listed Companies on Shenzhen Stock Exchange (amended in 2020) and Guidelines for Investor Online Service Identity Authentication of Shenzhen Stock Exchange (amended in 2016).



**A 116**

A meeting register of the general meeting shall be prepared by the Company. The meeting register shall set forth the names of attendees (or the attending units), their identity card numbers, residential address, number of voting shares held or represented and name of the appointer (or the appointing unit), etc.

**A 117**

The convener and the lawyers engaged by the Company shall jointly verify the validity of the shareholders' qualifications based on the register of members provided by the securities registration and clearing authorities, and shall register the names of the shareholders as well as the number of their voting shares. The registration for a meeting shall end before the chairman of the meeting announces the number of shareholders and proxies attending the meeting in person and the total number of their voting shares held.

**A 118**

There shall be two types of resolutions of shareholders' general meetings, namely ordinary resolutions and special resolutions.

To adopt an ordinary resolution, votes representing not less than one-half of the voting rights represented by the shareholders with voting rights (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

To adopt a special resolution, votes representing not less than two-thirds of the voting rights represented by the shareholders with voting rights (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

**A 119**

The Company shall establish special organs and designate special personnel to coordinate and communicate with investors and maintain investor relationship.

**A 120**

A shareholder (including proxy) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

When the shareholders' general meeting considers matters that could materially affect the interests of minority investors, the votes of shareholders other than the Directors, supervisors, senior management of the Company and shareholders who individually or collectively hold more than 5% of the Company's shares shall be counted separately, and the results of such separate vote counting shall be disclosed promptly.

The shares held by the Company have no voting rights, and are not counted as the total number of shares with voting rights held by shareholders attending the meeting.

If a shareholder purchases the shares of the Company with voting rights in violation of the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the voting rights of shares exceeding the prescribed proportion shall not be exercised within 36 months after the purchase, and shall not be included in the total number of shares with voting rights attending the general meeting of shareholders, and the Company shall disclose the aforesaid information in the announcement on the resolutions of the general meeting of shareholders.

The Board, Independent Directors and shareholders holding more than 1% of the shares with voting rights or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the China Securities Regulatory Commission may publicly collect from other shareholders the rights to vote. Information including the specific voting intention shall be fully disclosed to the shareholders from whom voting rights are being collected. Consideration or de facto consideration for collecting shareholders' voting rights is prohibited. The solicitor shall disclose the soliciting announcement and relevant soliciting documents in accordance with the regulations, as well as disclose the soliciting progress and results in accordance with the regulations, and the Company shall cooperate in this regard. If the solicitor holds the shares of the Company, the solicitor shall undertake not to transfer the shares held before the announcement on the resolutions of the general meeting of shareholders to examine the soliciting proposal. Except for statutory conditions, the Company shall not impose any minimum shareholding limitation for collecting voting rights.

**A 121**

Where any shareholder is, under any applicable laws and regulations, required to abstain from voting on a particular resolution or restricted to voting only in favour of or against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**A 122**

Resolutions of shareholders' general meetings shall be voted by poll.

**A 123**

The chairman of the general meeting may decide to allow a resolution which relates to a procedural or administrative matter to be voted by a show of hands. Procedural and administrative matters include those not on the agenda of the general meeting or in any extraordinary proposals of shareholders, and those relating to the duties of the chairman of a meeting to maintain the orderly proceeding of the meeting and/or promote the business of the meeting to be properly and effectively dealt with while allowing all shareholders to have reasonable opportunity to express their views.

**A 124**

During the poll, shareholders (including their proxies) with two or more votes do not necessarily have to cast all their votes in the same way.

**A 125**

Where the number of votes cast for and against a resolution is equal, whether the vote is taken by raising hands or by ballot, the chairman shall have a casting vote.

**A 126**

When the shareholders' general meeting resolves on the connected transaction of the Company, the connected shareholders shall refrain from voting and the number of voting shares that they represent shall not be counted as part of the total number of valid voting.

**A 127**

When items relating to connected transaction is put forward for examination and approval at the shareholders' general meeting, the general meeting convener shall notify all the shareholders of the items in the general meeting notice; if the amount involved in the transaction is huge, the notice shall brief on the reasons for the connected transaction; when the items are put to vote, the convener shall disclose details of the connect transaction on the general meeting and answer shareholders' questions; before voting, the chairman of the meeting shall announce to the present shareholders that connected shareholders shall refrain from voting or the meeting has obtained approval from governing authorities to proceed following the normal procedures; shareholders then shall vote according to procedures provided in the article. The Company may vote on items separately, such as amount and payment of the connected transaction, according to actual conditions.

**A 128**

The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

- (1) work reports of the Board and the Supervisory Committee;
- (2) plans formulated by the Board for distribution of profits and for making up losses;
- (3) the appointment and removal of members of the Board and the Supervisory Committee and their remuneration and payment methods;
- (4) the Company's annual financial budgets and final accounts;
- (5) the Company's annual reports; and
- (6) matters other than these required by the laws and administrative regulations or by the Articles of Association to be adopted by special resolutions.

The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- (1) increase or reduction of the share capital and issue of shares of any class, stock warrants or other securities approved by the China Securities Regulatory Commission;
- (2) the division, spin-off, merger, dissolution and liquidation of the Company;





**A 140**

The same voting rights can only be exercised either through on-the-spot voting, online voting or other means of voting. Should there be repeated voting by the same voting right, the first vote cast shall be taken.

**A 141**

Prior to voting, the chairman of the General Meeting shall announce the number of shareholders and proxies present and the total number of shares with voting rights held by them. The number of shareholders and proxies present and the total number of shares with voting rights held by them shall be that as stated in the registration of the meeting.

**A 142**

Before voting on motions in the General Meeting, two shareholder representatives shall be recommended to participate in vote counting and scrutiny. Should any shareholders have interests in the item to be considered, the related shareholders and their proxies shall not participate in vote counting and scrutiny.

During the vote on a motion in the General Meeting, vote counting and scrutiny shall be carried out jointly by lawyers, shareholder representatives and supervisor representatives, and the result of the vote shall be announced on the spot. The resolution of the vote shall be recorded in the minutes of the meeting.

Shareholders or their proxies who vote via the internet or other means have the right to check the results of their votes in the corresponding voting system.

**A 143**

The completion of the shareholders' general meeting at the venue cannot be earlier than voting by internet or other methods. The chairman of the meeting shall announce the voting circumstances and results of each resolution, and whether the resolutions have been passed according to the voting results.

Before officially announcing the voting results, the Company, counting officers, scrutinizers and major shareholders, and the internet server shall keep confidential the voting circumstances when they are involved with voting at the venue of the meeting, by internet or other methods.

**A 144**

Shareholders present at the general meeting shall present one of the following views during the voting of a resolution: consent, objection or abstention, except for the declaration by securities registration and clearing institution as the nominal holder of stock connect mechanism between PRC and Hong Kong stock markets, based on the actual holders' intentions.

A voting ticket that is incomplete, wrongly completed, illegible, or not yet cast, will be deemed waiver of voting rights. The votes represented by his shares will be treated as "abstention".

The Company shall provide convenience for shareholders to attend General Meeting by the use of modern information technology such as online voting platform, provided that the General Meeting is held legally and effectively.

When convening the General Meeting, the Company shall engage a lawyer to attend the meeting and provide legal advice regarding the following issues and make announcement thereof:

- (1) Whether the convening and procedures of the General Meeting are in accordance with the laws, administrative regulations and the Articles of Association;
- (2) Whether the qualifications of the convener are lawful and valid;
- (3) The number of shareholders and their authorized proxies attending the General Meeting, represents and the number of shares; whether the qualifications of those attending the meeting are legal and valid;
- (4) Whether the voting mechanism and voting results are lawful and valid;
- (5) The circumstances of relevant shareholders abstaining from voting. If other shareholders are determined to abstain from voting at the General Meeting after the notice of the General Meeting, the legal opinion shall disclose the relevant reasons in detail and issue clear opinions on their legal compliance;
- (6) In the event of the circumstances specified in paragraph 4 of Article 120 of the Articles of Association, a clear opinion shall be issued on whether the votes of relevant shareholders not being included in the total number of voting shares at the General Meeting and whether the voting results are legal and compliant;
- (7) Except for the motions to elect Directors and supervisors by cumulative voting, the number of shares for, against and abstained for each motion and its proportion to the total number of shares with valid voting rights present at the meeting, and whether the motions are approved. For motions to elect Directors and supervisors by cumulative voting, the number of electoral votes obtained by each candidate and whether they are elected; and whether the voting results of the General Meeting are legal and valid;
- (8) Other legal advice as requested by the Company.



**A 147**

Minutes of shareholders' general meetings shall be compiled by the Secretary to the Board. The minutes shall contain:

- (1) numbers of shareholders and proxies present at the meeting, total number of shares with voting rights held by them and its percentage in the aggregate shares of the Company;
- (2) the date, place and agenda of the meeting, and the name of convener;
- (3) the name of the chairman of the meeting, and Directors, supervisors, managers and other senior management of the Company present or in attendance at the meeting;
- (4) the review process, key points of the speech, voting results of each proposal;
- (5) the inquiry opinions and suggestions of shareholders, and the corresponding replies or explanations;
- (6) the names of lawyers, counting officers and scrutinizers; and
- (7) others that the Articles of Association prescribes to be included in the minutes of meetings.

**A 148**

The chairman of the meeting shall determine whether the resolutions of the general meeting are approved. The chairman's decision is the final decision, and the results of the votes shall be announced in the meeting and recorded in the minutes of the meeting.

**A 149**

The convener shall ensure the truthfulness, accuracy and completeness of the minutes of the meeting. The Directors and supervisors attending the meeting, the Secretary to the Board, the convener or his representative, and the chairman of the meeting shall sign the minutes of the meeting. The minutes of the meeting and the signed attendance record of the shareholders who attended in person, the proxy forms and the valid information relating to voting online and by other means shall be kept together for ten (10) years.

**A 150**

Should the chairman of the meeting has any doubts on the result of the vote on any resolution, the chairman may carry out a ballot count; should the chairman does not conduct a ballot count and any participating shareholder or his or her proxy has dissenting view on the announced voting result, they have the right to request a ballot count immediately after the announcement of the voting result, and the chairman shall carry out a ballot count immediately.

**A 151**

All Directors, supervisors and the Secretary to the Board shall be present at the general meeting, and managers and other senior management shall be in attendance at general meetings.

**A 152**

The Board of the Company and other conveners shall take necessary measures to ensure the order at the General Meeting. Any actions that cause interference to the General Meeting, provocation and troubles, and damages to the legal rights and interests of other shareholders, measures shall be taken to stop such actions and reports shall be made promptly to related departments for further consideration and handling.

**A 153**

The rules of procedures for shareholders' general meetings shall be formulated by the Company, which shall stipulate the procedures for convening the shareholders' general meeting and voting procedures, including notice, registration, consideration and approval of proposals, voting, vote counting, announcement of voting results, type of resolutions of the meeting, minutes of the meeting and its signature, announcement, and the principle for the shareholders' general meeting authorizing power to the Board. The authorization shall be clear and specific. The rules of procedures of shareholders' general meetings shall constitute an appendix to the Article of Association, which shall be proposed by the Board and approved by the shareholders' general meeting.

**A 154**

At the Annual General Meeting, the Board and the Supervisory Committee shall report to the General Meeting on their work in the past year. Each independent Director shall also report on their work.

**A 155**

Directors, supervisors, senior management shall offer clarifications and explanations to the interpellations and proposals made by shareholders during the General Meeting.

**A 156**

The resolutions of the General Meeting shall be announced in a timely manner, and the announcement shall indicate the number of shareholders and proxies that attended the meeting, the total number of voting shares and its proportion to the total share capital carrying voting rights of the Company, and the voting method, voting results of each resolution and details of each resolution passed. The attendance and voting of the holders of domestic shares (A shares), domestic listed foreign shares (B shares) and overseas listed foreign shares (H shares) shall be analyzed statistically and announced respectively.

Where a motion has not been adopted or the resolution of any previous shareholders' general meeting has been modified in the current shareholders' general meeting, a special explanation shall be made in the announcement on the resolutions of the shareholders' general meeting.

**A 157**

The General Meeting shall give plenty time for discussion for each motion.

**A 158**

Institutional investors shall, in accordance with laws and regulations and the Articles of Association, play an active role in the Company by participating in decision making for significant matters, recommending candidates for Directors and supervisors, and monitoring the performance of Directors and supervisors.

**A 159**

Except for those involving trade secrets of the Company that cannot be publicized, the Board and Supervisory Committee shall make response to or give explanation of the inquiries and suggestions made by shareholders at shareholders' general meetings.

**A 160**

The convener shall ensure that a shareholders' general meeting is held continuously until final resolutions have been reached. In the event that the shareholders' general meeting is suspended or the shareholders fail to reach any resolution due to force majeure or other special reasons, necessary measures shall be taken to resume the meeting as soon as possible or the meeting shall be terminated directly and an announcement of such termination shall be made promptly. At the same time, the convener shall report to the local China Securities Regulatory Commission and the stock exchange.

**A 161**

Resolutions put forward to the General Meeting shall comply with laws and Articles of Association of the Company. Directors present at the meetings shall duly perform their duties and ensure that the resolutions are true, accurate and complete and are free from representation that may lead to ambiguity.

CHAIRMAN OF THE BOARD OF DIRECTORS  
SPECIAL AGENT FOR THE COMPANY

**A 162**

Shareholders holding different classes of shares are referred to as class shareholders. According to the first paragraph of Article 26 herein, class shareholders of the Company comprise class shareholders holding domestic listed shares and class shareholders holding overseas listed shares.

Class shareholders enjoy rights and bear responsibilities according to the requirements of law, administrative regulations and the Articles of Association of the Company.



- (8) to restrict the transfer or ownership of the shares of such class or increase such restrictions;
- (9) to issue subscription rights or share conversion rights for shares of such class or other classes;
- (10) to increase the rights and privileges of shares of other classes;
- (11) to restructure the Company where the proposed restructuring scheme will result in different classes of shareholders bearing a disproportionate burden of obligations of such restructuring; and
- (12) to vary or abrogate the terms provided in this chapter.

**A 165**

Shareholders of the affected class, whether or not having the right to vote at the shareholders' general meeting, shall nevertheless have the right to vote at class meetings on matters referred to in clause (2) to (8) and (11) to (12) of Article 164 of the Articles of Association, but interested shareholders shall not be entitled to vote at class meetings.

The interested shareholders mentioned in the preceding paragraph shall have the following meanings:

- (1) in the case of a repurchase of its own shares by the Company by making offers to all shareholders on a same pro rata basis or through public dealing on a stock exchange, "interested shareholder" shall refer to the controlling shareholders as defined in the Articles of Association;
- (2) in the case of a repurchase of its own shares by the Company through an off – market agreement, "interested shareholders" shall refer to the shareholders to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, "interested shareholder" shall refer to a shareholder within a class who bears liabilities less than the proportion burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.

**A 166**

A resolution of the class meeting shall be passed by shareholders present in the meeting representing not less than two-thirds of voting rights.

**A 167**

Notice of a class meeting convened by the Company shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders twenty (20) clear working days (both days exclusive) before the meeting. Notice of extraordinary general meetings shall be given to all shareholders fifteen (15) days prior to the meeting.

**A 168**

Notices of the class meeting only need to be served on shareholders entitled to vote in the class meeting.

The procedures for holding the class meeting shall be similar to those for holding the shareholders' general meeting as much as possible, and the provisions in the Articles of Association relating to the procedures for a shareholders' general meeting shall apply to the class meeting.

**A 169**

The special procedures for voting by class shareholders shall not apply in the following circumstances:

- (1) where the Company issues, upon approval by a special resolution at a shareholders' general meeting, domestic shares and overseas listed foreign shares once every twelve (12) months, either separately or concurrently, and the respective numbers of domestic shares and overseas listed foreign shares to be issued do not exceed 20% of the respective numbers of the issued domestic shares and overseas listed foreign shares;
- (2) where the Company's plan to issue domestic shares and overseas listed foreign shares at the time of incorporation is carried out within fifteen (15) months from the date of approval by securities supervisory authorities of PRC; and
- (3) where shareholders holding domestic shares of the Company transfer their shares to overseas investors and such shares are traded in overseas markets.

**CHAPTER 11 BOARD OF DIRECTORS**

**A 170**

The Company sets a Board that comprises eleven (11) Directors, including one Chairman and one to two Vice Chairman(s).

**A 171**

Directors shall be elected at shareholders' general meeting. The term of office of the Directors shall be three (3) years. Upon maturity of the current term of office, a Director is eligible for re-election and reappointment.

The Chairman and Vice Chairman of the Board shall be elected and removed by more than one-half of all Directors. The term of office of the Chairman and Vice Chairman shall be three (3) years, renewable upon re-election.



- (6) Formulate the Company's proposals of increasing or decreasing registered capital and bond issuance and other proposals of securities and listing;
- (7) Draft proposals of major acquisitions, repurchase of the Company's ordinary shares;
- (8) Draft proposals of mergers, division, and dissolution and alterations of forms of the Company;
- (9) Determine matters including external investment, purchase and sales of assets, mortgage of assets, external guarantee, entrust financial management and connected transactions etc., of the Company within the authorization of the general meeting;
- (10) Decide on the setting of the Company's internal management institutions;
- (11) Appoint or dismiss the Company's managers and Secretary of the Board; appoint or dismiss the deputy general manager and the Company's other senior management, including the chief financial officer, upon nomination by the general manager and make decisions on issues related to their remuneration, award and penalty;
- (12) Formulate the Company's basic management systems;
- (13) Formulate amendments to the Company's Articles of Association;
- (14) Manage the issues relating to information disclosure;
- (15) Propose the appointment or replacement of the accounting firm responsible for the auditing of the Company at the general meeting;
- (16) Listen to the work report of the general manager and evaluate the work;
- (17) Perform other duties and authorities provided by the Articles of Association and granted by general meetings.

**A        177**

The Board of Directors shall report on the following matters:

- (1) the first item in Article 176 herein;
- (2) implementation status and results of the General Meeting's resolutions;
- (3) implementation status and results of the Board's resolutions;



- (4) Matters that are required by the Supervisory Committee to be reported;
- (5) Matters that are required by securities administrative authorities and the stock exchange;  
and
- (6) Others matters considered necessary by the Board.

**A 178**

The Company's Directors shall treat in prudent manner and strictly control on the debt risks resulting from guarantees, and shall accept joint liabilities for any possible loss arising from any serious breach of regulation or improper guarantee.

The Company's Directors shall observe the following requirement in providing external guarantees:

- (1) Except for the external guarantees reviewed at the General Meeting, other external guarantees shall be reviewed by the Board of Directors of the Company and shall be approved by more than two-thirds of the Directors present at the Board meeting;
- (2) To provide external guarantee, the Company shall require the guaranteed party to provide counter guarantee and the provider of the counter-guarantee shall be competent in accepting the liabilities;
- (3) The Company shall diligently perform its obligation of information disclosure for its guarantees in strict compliance with the national laws and regulations. All information of guarantees shall be provided as it is to certified public accountants under the rules;
- (4) Independent Directors shall make a special statement in the annual report for the Company's accumulated and current guarantees and implementation of the abovementioned requirements, and give an independent opinion.

**A 179**

The Chairman of the Board is entitled to the following powers:

- (1) to preside over shareholders' general meetings and to convene and preside over Board meetings;
- (2) to supervise and check on the implementation of resolutions of the Board;
- (3) to sign the securities certificates, bonds and other negotiable securities issued by the Company;
- (4) to sign important documents of the Board and other documents that require signing by the Company's authorized representative;

- (5) to exercise the power of authorized representative;
- (6) to nominate the candidate for the general manager of the Company to the Board for approval;
- (7) to exercise the power to handle corporate affairs in accordance with the law and the Company's interests in cases of emergency caused by natural disasters or other force

**A 183**

Shareholders holding more than 10% of the voting rights, more than one third of the Directors or supervisors can propose to convene an extraordinary meeting of the Board. The Chairman shall convene and preside over a meeting of the Board within ten (10) days of receiving the proposal. When the Chairman is unable to perform his duties, the Vice Chairman shall convene the extraordinary meeting of Board; when the Vice Chairman is unable to perform his duties, a Director elected by more than half of the Directors shall convene the meeting.

**A 184**

Meetings of the Board shall comply with provided procedures. The Board shall notify all Directors within the required time and provide necessary materials, including background of the subjects and information and statistic that may help Directors understand the business development of the Company. When more than two (2) independent Directors think the materials are inadequate or the proof is indefinite, they can propose to the Board in writing to postpone the meeting or approval of the matter, and the Board shall agree. The Company shall disclose the relevant information in a timely manner.

**A 185**

The reasonable expenses incurred by the Directors who attend Board meetings shall be borne by the Company. These expenses include the traffic expenses covering the distance between the place where a Director is located and the place where a meeting is held (in the event that these two places are not the same), the fees of room and board during the term of the meeting, the rent of the place of the meeting and the local traffic expenses.

**A 186**

Regular and extraordinary Board meetings shall be noticed as follows:

- (1) Board meetings shall be notified to all the Directors and Supervisors in writing ten (10) days in prior;
- (2) Extraordinary Board meetings shall be notified in writing in principle, and otherwise when necessary, five (5) days in prior to all the Directors;
- (3) The notice shall be written in Chinese, if necessary, the English version can be attached, including the agenda for the meeting. Any Director may waive the right of receiving the notice of Board meeting;
- (4) The notice of Board meeting shall be deemed issued if the Director is present at the meeting and raises no objection to the notice before he attends the meeting or the meeting starts.

**A 187**

The notice of Board meeting shall include:

- (1) date and place of the meeting;
- (2) deadlines of the meeting;
- (3) reasons of and agenda for the meeting; and
- (4) date of the notice.

**A 188**

The Board meeting may not be held unless not less than half of the Directors are present.

Each Director has one vote. A resolution at the Board meeting shall be adopted by a simple majority of all the Directors.

**A 189**

Where more than one fourth of Directors or more than two (2) external Directors deem the information on the items for resolution as inadequate or the justification is not clear, they may jointly propose to postpone the Board meeting or postpone the discussion on some matters, and the Board shall adopt such proposal.

If a Directors or his affiliate is connected to with matters to be resolved at the board meeting, shall refrain from the voting and shall not exercise his voting rights on such resolution. Such Director shall not be counted in the quorum of such meeting.

**A 190**

Directors shall attend Board meetings in person. Where a Director is unable to attend a meeting for any reason, he may by a written power of attorney appoint another Director to attend the meeting on his behalf. In such case, the Director shall be deemed present at the meeting and shall assume legal liability independently.

The power of attorney shall include the name of the proxy, the subject and scope of authorization and validity of the time limit of the proxy, which shall be signed or officially sealed by the authorizing party.

**A 191**

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.

**A 192**

Any regular or extraordinary meeting of the Board may be held by way of telephone conference or similar communication equipment so long as all Directors present can clearly hear and communicate with each other. All such Directors shall be deemed present in person at the meeting.

**A 193**

If any Director has associated relationship with the enterprises involved in any resolution proposed at a Board meeting, such Director shall not exercise voting rights on the resolution or on behalf of other Directors. Such Board meeting shall not be held unless attended by a majority of Directors having no interest in such matter, and any resolution made thereon shall be subject to affirmative votes of a majority of Directors having no interest in such matter. Where there are less than three (3) Directors having no interest in such matter attend the meeting, the matter shall be submitted to the shareholders' general meeting for consideration and approval.

**A 194**

If the resolution of the Board meeting is defective, no matter whether the defect is caused during the establishment of the resolution, i.e. the convening procedures or resolution ways violate laws or the Articles of the Company, or exists in the resolution, i.e. the resolution violates laws or the Articles of the Company, and the resolution is invalid.

Interested parties can propose to invalidate the resolution at any time and in any manner.

**A 195**

A resolution of an extraordinary Board meeting may be made through facsimile provided that the Directors are able to fully express their opinions and the resolution shall be viewed and signed by all the Directors. The resolution shall take effect from the signing date of the last Director.

**A 196**

The Board shall record the resolutions passed in the meeting as minutes of the meeting. The Directors and recorder attending the meeting shall sign on the minutes of the meeting. Directors shall bear responsibility for the resolutions passed. Participating Directors who passed resolutions that are against the laws, administrative regulations and the Articles of Association, and whose action causes serious damages to the Company, shall be responsible for indemnifying the Company. A Director can be exonerated if he can prove that he was recorded in disagreement when such resolution was passed.

If resolutions of the Board meeting violate laws, administrative regulations and the Articles of the Company, Directors who voted for the resolutions will bear direct responsibility; Directors can be exonerated if they can prove that they were recorded in disagreement when such resolutions were passed; Directors who abstained from the voting or did not present at the meeting and appoint proxies to attend the meeting shall not be exonerated; Director who raise clear objection in discussion but did not vote against the resolutions in the voting shall not be exonerated.

**A 197**

The minutes of the Board meeting will be deposited by the Secretary of the Board. The deposit period shall be ten (10) years.

The minutes of the Board meeting shall include:

- (1) the convening date, place and the convener's name of the meeting;
- (2) names of attending Directors and Directors appointed as proxies to attend the meeting;
- (3) agenda of the meeting;
- (4) key points of Directors' speeches; and
- (5) the voting method and result of each proposal (numbers of affirmative, negative and abstention votes shall be specifically indicated).

**A 198**

The Board of the Company shall establish strategy and sustainable development, audit, nominating, remuneration and appraisal committees, among others. The Board shall separately formulate implementation rules for the above-mentioned committees, regulating their composition, duties, limit of rights and proceedings.

**A 199**

The Company shall sign contracts with Directors to specify rights and obligations between them, Director's term of office, Director's responsibility for breach of laws, regulations and the Articles of Association and compensation payable by the Company for terminating such contracts in advance.

Contracts signed between the Company and Directors shall not be invalidated, terminated or modified due to the modification of the Company's Articles of Association, unless through amicable negotiation between them.

**A        200**

The term of office of Directors shall commence from the date of appointment up to the maturity of the current term of office of the Board. In the event that the terms of Directors fall upon maturity whereas new members of the Board are not elected in time, the existing Directors shall continue to perform their duties in accordance with the law, administrative regulations, departmental rules and the Articles of Association until the re-elected Directors assume their office.

Directors shall be elected or replaced at the General Meeting and may be removed before the expiry of these Directors' term at the General Meeting.

**A        201**

Directors may be managers or other senior management of the Company, provided that such Directors shall be no more than half of all the Directors of the Company.

**A        202**

The written notice of an intention to nominate a candidate of Director and that of a willingness to accept the nomination by the candidate shall be delivered no earlier than the day after the dispatch of the notice of the meeting for election of the relevant Director and end no later than seven (7) days prior to the date of such meeting.

**A        203**

The shareholders' general meeting may by ordinary resolution remove any Director before the expiration of his term of office (including the managing Director or other executive Directors, but without prejudice to such Director's right to claim damages based on any contract), subject to full compliance with relevant laws and administrative regulations.

**A        204**

Any person who has been appointed by the Board to fill any casual vacancy in the office of the Board or serve as an additional Director, his term of office shall expire at the next shareholders' annual general meeting of the issuer and such person shall be eligible for election for successive terms.

**A        205**

Not more than two (2) persons of the Chairman of the Board, Vice Chairman and executive Directors of the Company may be the chairman of the board, vice chairman and executive Directors of the controlling shareholder and beneficial controller.

**A        206**

The external Directors shall have sufficient time and necessary knowledge and ability to perform their duties. When an external Director performs his duties, the Company must provide necessary information. Independent Directors may directly report to the shareholders' general meeting, the China Securities Regulatory Commission and other governing departments.

**A        207**

Directors shall have sufficient time and effort to perform their duties and shall fulfil commitments made by them. Directors shall attend Board meetings and express clear opinions on matters under consideration.

**A        208**

No Directors shall act, in their personal capacity, on behalf of the Company or the Board beyond provisions of the Articles of Association or without appropriate authorization by the Board. The Director shall, when acting in his personal capacity, state his standings and identities in advance if a third party has reasons to believe that the said Director is acting on behalf of the Company or the Board.

**A        209**

Where a Director or other companies where he is employed, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his appointment contract with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the Board.

Unless the above-mentioned Director has declared to the Board as required, and the Board excludes him from the quorum of the Board meeting, and the Director has not attended the meeting and approved the matter, or the Director is a third party acting in good faith, the Company has the right to cancel the contract, transaction or arrangement.

The Director shall declare the above-said connection to the Board in writing, accept inquiry of other Directors, and answer their questions truthfully; such Director shall refrain from voting on the connected transaction during the Board meeting; other Directors shall vote on matters involved in the connected transaction according to procedures of the Board meeting provided herein.

If the number of Directors is less than the minimum required after the above-mentioned Director refrains from the meeting, all the Directors (including the connected Director) shall vote on procedural matters for submitting the transaction to the General Meeting of the Company for examination. The General Meeting shall make resolutions for the transaction.



**A 210**

Where a Director gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding paragraph of this article a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

**A 211**

A Director will be deemed to have failed to perform his duties if he fails to attend the meetings of the Board in person twice consecutively nor appointed other Directors to attend the meetings on his behalf. The Director shall submit the resignation, or the Board shall make recommendations to shareholders' general meetings to replace such Director:

- (1) the Director's act violates the Articles of the Company;
- (2) disclose the Company's business secrets or confidential information in public and non-public occasion, and cause adverse impacts or material losses to the Company; and
- (3) other circumstances that suggest the Director's failure in performing his duties.

**A 212**

Directors may resign before expiry of their terms of office. The Directors who resign shall submit to the Board a written report in relation to their resignation. The relevant information shall be disclosed within two (2) days by the Board.

**A 213**

In the event that the resignation of any Director during his term of office results in the number of members of the Board being less than the statutory minimum requirement, the existing Directors shall continue to perform their duties in accordance with the law, administrative regulations, departmental rules and the Articles of Association until the re – elected Directors assume their office.

The Board shall convene an extraordinary general meeting as soon as possible to elect a new Director to fill the vacancy of the resigned Director. Before the General Meeting makes any resolution on the election of the Director, the power of the Director who submits the resignation and the Board shall be restricted reasonably.

Save for the circumstances referred to in the preceding paragraph, the resignation of a Director becomes effective upon submission of his resignation report to the Board.

**A        214**

After a Director submits the resignation or his term of office expires, the Director shall complete his hand-over procedures with the Board. The fiduciary duties of a Director to the Company and the shareholders do not necessarily cease before the resignation becomes effective or within the reasonable periods upon the effectiveness and expiration of his term of office. The confidentiality duties of a Director to the Company will remain effective upon the expiration of his term of office until such secrets become public information. Other duties may continue for such a period as fairness may require and depending on the time which has elapsed between the termination and the act concerned and the circumstances under which the relationship with the Company is terminated.

**A        215**

Directors who terminate their office before the end of the term without approval shall compensate the loss suffered by the Company as a result of such early termination.

**A        216**

Any Director who violates law, administrative regulations, departmental rules or the Articles of Association during performing his duties and causes losses to the Company shall be liable for compensation to any loss caused to the Company.

**A        217**

As approved by the general meetings, the Company may purchase liability insurance for its Directors. However, such insurance is not applicable on liability caused by the Director's breach of the requirements of laws, regulations and the Articles of Association.

**A        218**

The number of independent Directors of the Company will be no less than one third of the total of all directors, including at least one professional accountant who complies with the laws, regulations, regulatory provisions, self-disciplinary rules and other relevant provisions.

**A        219**

An Independent Director shall carry out the requirements according to laws, administrative regulations and departmental rules.

Independent Directors shall be independent from the company that employs them and its main shareholders. Independent Directors shall not take any other positions in the Company other than the independent Director.

**A 220**

Independent Directors shall assume a fiduciary duty and due diligence to the Company and its shareholders. Independent Directors should diligently perform their duties for the protection of the Company's interests as a whole and should particularly concern themselves that the lawful interests of minority shareholders are not infringed upon, in accordance with the requirements of relevant laws and regulations, the Measures for Independent Directors and the Articles of Association. Independent Directors should perform their duties independently without being subject to the influence of the substantial shareholders or beneficial controllers or other stakeholders (whether an individual or an entity) of the Company. An Independent Director shall take positions in three (3) listed companies at most on principle and shall have sufficient time and efforts to effectively perform duties of the Independent Director.

**A 221**

If any Independent Director fails to comply with the requirement of independence or other requirements for performing the Independent Director's duties, resulting in the number of Independent Directors less than the minimum required by the Measures for Independent Directors, the Company shall supplement to the Independent Directors as required.

**A 222**

Independent Directors and persons to be appointed as Independent Directors shall participate in training organized by securities supervisory authorities of PRC and its authorized organization as required by securities supervisory authorities of PRC.

**A 223**

Independent Directors shall comply with the following requirements:

- (1) Being qualified to act as a Director of a listed company under the laws, administrative regulations and other relevant provisions;
- (2) Demonstrating independence in a manner as required by Article 6 of the Measures for Independent Directors;
- (3) Possessing basic knowledge in the operation of a listed company and being familiar with relevant laws, regulations and rules;
- (4) Possessing more than five years' working experience in the legal, accounting or economic sectors necessary for performing the duties of an Independent Director;
- (5) Possess good personal morality and has not been involved in material dishonesty and other misconducts; and
- (6) Other requirements stipulated by laws, administrative regulations, regulations of the China Securities Regulatory Commission, business rules of the stock exchange and the Articles of Association.

The following persons shall not be Independent Directors:

- (1) Staff or workers of the Company or its subsidiaries, their spouses, parents, children, or in major social relations (including siblings, parents of spouse, spouse of children, parents of spouse of children, spouses of siblings, siblings in law, etc.) with the staff or workers of the Company or its subsidiaries;
- (2) Shareholders, who directly or indirectly hold more than 1% of issued shares of the Company or top ten Shareholders of the Company, and his/her spouses, parents and children;
- (3) Shareholders, who directly or indirectly hold more than 5% of issued shares of the Company or persons who work in one of the top five corporate shareholders of the Company, and his/her spouses, parents and children;
- (4) Persons who work in the subsidiaries of controlling shareholders and de facto controllers of the Company and their spouses, parents and children;
- (5) Persons who have significant business dealings with the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, or who work in entities with which they have significant business dealings and their controlling shareholders or beneficial controllers;
- (6) Persons providing financial, legal, consulting and sponsorship and other services to the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, including, but not limited to, all members of the project team of the intermediaries providing the services, reviewers at all levels, persons signing the report, partners, Directors, senior management and principals;
- (7) Persons who have been in the situations listed in (1) to (6) within the last twelve months; and
- (8) Other persons who do not possess independence as stipulated by laws, administrative regulations, regulations of the China Securities Regulatory Commission, business rules of the stock exchange and the Articles of Association.

Subsidiaries of controlling shareholders and de facto controllers of the Company referred to in (4) to (6) above exclude companies controlled by the same state-owned asset management organisation as the Company and which do not constitute a connected relationship with the Company in accordance with relevant regulations.

Independent Directors shall conduct an annual self-examination of independence and submit the self – examination to the Board. The Board shall evaluate and issue a special opinion on the independence of the incumbent independent Directors on an annual basis, which shall be disclosed at the same time as the annual report.

Independent Directors shall be nominated, elected and replaced in the following ways:

- (1) The Board of Directors, Supervisory Committee, shareholders who alone or jointly hold more than 1% of Shares of the Company can nominate candidate of Independent Directors, and determined by voting at a shareholders' general meeting.
- (2) Nominators of Independent Directors shall ask for approval from the nominees before nomination. The nominator shall fully understand the basic information of the nominee, including his occupation, academic qualifications, job position, detailed fulltime and part-time work experience, whether or not he/she has been involved in material dishonesty and other misconducts and his/her close relatives. The nominator shall also express his opinions on the independence and other qualifications for serving as an independent Director. The nominee shall make a public statement that he/she meets the independence and other conditions for serving as an independent Director.

Independent Directors exercise the following particular powers:

- (1) To engage an agent independently to provide auditing, consultation and review on specific matters of the Company;
- (2) To propose to the Board to hold extraordinary general meeting;
- (3) To suggest convening meeting of the Board;
- (4) To openly solicit shareholders' rights from shareholders in accordance with the law;
- (5) To express independent opinions on matters that may jeopardize the rights and interests of the Company or minority shareholders;
- (6) Other powers and functions stipulated by laws, administrative regulations, regulations of the China Securities Regulatory Commission and the Articles of Association.

When an independent Director exercises the powers and functions listed in (1) to (3) above, he/she shall obtain the approval of a majority of all independent Directors.

The Company shall disclose in a timely manner any exercise of the powers and functions listed in the first paragraph by independent Directors. If the above powers and functions cannot be exercised normally, the listed company shall disclose the details and reasons.

The independent Directors shall perform the following duties:

- (1) Participating in the decision – making of the Board and expressing their opinions on the matters under consideration;
- (2) Supervising potential material conflicts of interest between the Company and its controlling shareholders, beneficial controllers, Directors and senior management as listed in Articles 23, 26, 27 and 28 of the Measures for Independent Directors, so as to urge the Board to make decisions in line with the interests of the Company as a whole and to protect the legitimate rights and interests of minority shareholders;
- (3) Providing professional and objective advice on the Company's operation and development, and promoting the enhancement of the Board's decision-making level;
- (4) Other powers and functions stipulated by laws, administrative regulations, regulations of the China Securities Regulatory Commission and the Articles of Association.

**A 228**

The following matters shall be submitted to the Board for consideration after being approved by a majority of all independent Directors of the Company:

- (1) Connected transactions that shall be disclosed;
- (2) Proposals of the Company and related parties to change or waive commitments;
- (3) Decisions made and measures taken by the Board in response to the acquisition of the Company;
- (4) Other matters stipulated by laws, administrative regulations, regulations of the China Securities Regulatory Commission and the Articles of Association.

**A 229**

The Company shall hold a meeting attended by all independent Directors (the “special meeting of independent Directors”) on a regular or ad hoc basis. Matters listed in items (1) to (3) of the paragraph 1 of Article 18 and Article 23 of the Measures for Independent Directors shall be considered at a special meeting of independent Directors.

The special meeting of independent Directors may study and discuss other matters of the Company as needed.

Special meeting of independent Directors shall be convened and presided over by an independent Director jointly elected by a majority of the independent Directors; in the event that the convener fails to or is unable to perform his/her duties, two or more independent Directors may convene and elect a representative to preside over the meeting on their own.

The Company shall facilitate and support the convening of special meeting of independent Directors.

**A 230**

If opinions provided by Independent Directors according to the Articles of Association are not adopted or the powers cannot be exercised, the Company shall disclose the related circumstances.

**A 231**

Independent Directors shall account for the majority of the members of the remuneration and appraisal, audit and nominating committees of the Company, and shall act as the convener.

**A 232**

Main shareholders, beneficial controllers of the Company, or institutions or persons that have interests with main shareholders, beneficial controllers of the Company shall not impose any impacts on Independent Directors on issues such as nomination of Independent Directors, independent opinions and voting at the Board meetings to affect their independence.

**A 233**

The Secretary of the Board shall report to Independent Directors on the production, financial, market and major matters and changes on a quarter basis and organize at least one onsite Independent Director inspection on the production and operating of the Company each year.

**A 234**

Independent Directors shall provide one of the following opinions for matters that stipulated by the Articles of Association: Agree; qualified opinion and reasons; objection and reasons; inability of giving an opinion and its difficulties.

**A 235**

In case of any disclosure matters, the Company shall announce opinions of Independent Directors. When opinions of Independent Directors divide, the Board shall announce them separately.

**A 236**

Independent Directors shall bear liability for resolutions of the Board as other Directors. However, an Independent Director can be exonerated if he can prove that he was recorded in disagreement when such resolution was passed.

**A 237**

During the term of office, any Independent Director shall compensate for any losses to the Company caused by authorized termination of term of office or failure to perform his duties.

**A 238**

Independent Directors of the Company shall actively obtain information necessary for performing their duties through various channels, including onsite inspection, inquiry of related personnel and external evidence; Independent Directors shall report to supervisory authorities on obstacles met in performing duties and obtain supervisory information about the Company from supervisory authorities actively; Independent Directors shall increase communication and contact with the Supervisory Committee.



Independent Directors of the Company shall submit an annual report on their duties to the annual general meeting of shareholders of the Company to explain their performance of duties. The annual work report shall include the following contents:

- (1) The attendance, attending methods and number of votes of Board meetings, and the attendance of general meeting;
- (2) Participation in the work of special committees of the Board and special meetings of independent Directors;
- (3) Consideration of the matters set out in Articles 23, 26, 27 and 28 of the Measures for Independent Directors and exercise of the special powers and functions of the independent Directors as set out in paragraph 1 of Article 18 of the Measures for Independent Directors;
- (4) Significant matters, methods and results of communication with the internal auditor and the accounting firm that undertakes the Company's auditing business regarding the Company's financial and business status;
- (5) Communication with minority shareholders;
- (6) The time and content of on-site work at the Company;
- (7) Other circumstances of the performance of duties.

The annual work report of the independent Directors shall be disclosed no later than the notice of annual general meeting of shareholders issued by the Company.

The Company shall provide the following conditions for Independent Directors:

- (1) The Company shall undertake that Independent Directors will enjoy the same right to information as other Directors. For the matters subject to decisions by the Board of Directors, the Company shall notify the Independent Directors in advance within statutory timeframe and provide them with adequate information; and if the said information is deemed as inadequate, the Independent Directors are entitled to request supplement information. When more than two (2) Independent Directors hold that the information is inadequate or the demonstrations are indefinite, they may jointly propose in writing to the Board of Directors to postpone the pending board meeting or the discussion of the matter in question, and the Board of Directors shall adopt such proposal.

The information provided by the Company to the Independent Directors shall be kept by the Company and the Independent Directors for no less than ten (10) years.

- (2) The Company shall provide the Independent Directors with the means and measures to perform their duties. The secretary to the Board of Directors shall assist the Independent Directors by providing briefing and materials, provide report on the operation of the Company regularly and, where necessary, organize on-site visits for Directors. When independent opinions, proposals and written statements made by Independent Directors provide must be announced, the Company should provide timely assistance in this regard.
- (3) When the Independent Directors are performing their duties, employees of the Company shall assist by all means and shall not refuse, obstruct, or conceal or interfere with their performance of duties independently.
- (4) The expenditures of hiring intermediaries by the Independent Directors or the expenditures incurred in performing their duties shall be borne by the Company.
- (5) The Company shall pay the Independent Directors subsidies of appropriate sums. The standards of the said subsidies shall be proposed by the Board of Directors, approved by the general meeting and disclosed in annual report of the Company.

Apart from the above-mentioned subsidies, the Independent Directors shall acquire no other additional and undisclosed interests from the Company, its major shareholders or institutions and personnel of common interests with the Company.

- (6) The Company shall establish and maintain the appropriate insurance mechanism for Independent Directors to minimize risks possibly incurred by normal performance of their duties.

CHAPTER 12 THE BOARD

## A 241

The Company shall have a Secretary to the Board, who is a senior management member of the Company, and responsible to the Company and Board of Directors.

The Board may establish its secretarial department when necessary.

The senior management of the controlling shareholder and beneficial controller shall not serve as the Board Secretary concurrently.

Secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the Board.

The Secretary to the Board shall:

- (1) Have tertiary school or above degree, more than three (3) years' experience in secretary, management and stock-related matters;
- (2) Have reliable knowledge in accounting, tax, law, finance and corporate management, character and professional ethics, observe laws, regulations and rule, perform duties faithfully and have a strong capability of handling public affairs;
- (3) The provisions in Chapter 15 herein apply to the Secretary to the Board of Directors.

The Secretary's primary responsibilities include:

- (1) to address and coordinate information disclosure of the Company, organize and formulate information disclosure management system of the Company, and urge the Company and relevant information disclosure obligors to observe relevant provisions concerning information disclosure;
- (2) to be responsible for organizing and coordinating the investor relations management of the Company, and coordinating the communication of information between the Company and securities regulatory authorities, shareholders and actual controllers, intermediaries and the media;
- (3) to organize and prepare Board meetings and shareholders' meetings, attend shareholders' meetings, Board meetings, Supervisory Committee meetings and relevant meetings of the senior management, and maintain and sign the minutes of Board meetings;
- (4) to be responsible for the confidentiality of information disclosure of the Company and promptly report to the stock exchange and make an announcement when significant undisclosed information is disclosed;
- (5) to pay attention to the rumours about the Company and take the initiative to verify the authenticity of such rumours, and urge the Board of Directors and other relevant entities to timely respond to the enquiries of Shenzhen Stock Exchange;
- (6) to organize trainings for Directors, supervisors and senior management as required by relevant laws, regulations and Shenzhen Stock Exchange, and assist them in understanding their respective responsibilities in information disclosure;

- (7) to urge the Directors, supervisors and senior management to observe the laws and regulations and the Articles of Association, and earnestly fulfil their commitments; when becoming aware that the Company, Directors, supervisors and senior management make or may possibly make a decision in violation of the relevant provisions, he/she shall remind the related personnel and immediately report it to the stock exchange;
- (8) To be responsible for the management of changes in the Company's shares and derivatives, etc.;
- (9) to perform other duties as required by laws and regulations and the stock exchange.

**A 244**

Directors or other senior management members may concurrently hold the post of the Secretary to the Board.

The accountant(s) of the certified public accountants' firm appointed by the Company shall not concurrently hold the post of the secretary to the Board.

Where the office of the Secretary to the Board is held concurrently by a Director, and an act is required to be done by a Director and the Secretary to the Board separately, the person who holds the office of Director and Secretary to the Board may not perform the act in dual capacity.

**A 245**

The Secretary to the Board of the Company shall have financial, management and legal expertise as required for performing his/her duties, good professional and personal ethics. Any of the following persons shall not serve as the Secretary to the Board of the Company:

- (1) any person who has been subject to administrative penalties imposed by the China Securities Regulatory Commission in the last 36 months;
- (2) any person who has been censured publicly or criticized more than three times through circulating notices by the stock exchange in the last 36 months;
- (3) any person who is the incumbent supervisor of the Company;
- (4) other circumstances where the stock exchange consider the Secretary to the Board should cease taking the position.

**A 246**

The Company shall appoint the Secretary to the Board within three (3) months of the listing of the Company's shares or the resignation of the previous Secretary to the Board. During the vacancy of the Secretary to the Board of the Company, the Board of the Company shall appoint a Director or senior management member to take the position temporarily, report to Shenzhen Stock Exchange and determine the Secretary to the Board as soon as possible. Before the Company appoints a person to take the position temporarily, the Chairman of the Board shall take the position temporarily.

**A 247**

The Secretary to the Board appointed by the Board shall report on a timely manner and provide the following materials to the stock exchange:

- (1) Letter of appointment of the Secretary to the Board or relevant board resolution and appointment explanatory documents, including the qualifications for appointment, position, work performance and personal morality in compliance with the SZSE Listing Rules;
- (2) Resume and education certificates (photocopies) of the recommended person;
- (3) Contact information of the Secretary to the Board, including office telephone number, mobile telephone number, fax, address and email address.

In case of any change in the aforesaid contact information, the Company shall submit the updated information to the stock exchange in a timely manner.

**A 248**

The Company shall dismiss the Secretary to the Board within one month from the date of the occurrence of any of the following circumstances:

- (1) any circumstance as stipulated under Article 245 of the Articles of Association;
- (2) non-performance of duties for over three consecutive months;
- (3) significant mistakes or omissions in the performance of his/her duties, causing material losses to investors;
- (4) violation of laws, regulations, requirements of Shenzhen Stock Exchange or the Articles of Association, causing material losses to the Company and investors.

**A 249**

The Board shall dismiss the Secretary to the Board with adequate reasons, and shall not dismiss him or her without cause. When the Secretary to the Board resigns or is removed, the Board shall report to the stock exchange as required, provide reasons for the resignation or removal and make an announcement.

The Secretary to the Board may submit to the stock exchange a personal statement on the Company's improper dismissal or other matters related to the resignation.

**A 250**

While the Board of Directors engages a secretary, it shall also engage at least one securities administrative representative to assist the Secretary to the Board to perform his/her duties. When the Secretary to the Board is incapable to perform his/her duties, the securities administrative representative shall exercise his/her rights and perform his/her duties on his/her behalf. Under the circumstances aforesaid, the responsibility of the Secretary to the Board in respect of information disclosure shall not be automatically waived.

The qualifications for appointment of the securities administrative representative shall be implemented with reference to Article 245 of the Articles of Association.

**CHAPTER 13 MANAGEMENT OF THE COMPANY**

**A 251**

The Company shall have one general manager and certain number of deputy general managers, who shall be appointed and dismissed by the Board of Directors.

Directors can hold a concurrent post as general manager, deputy general managers or any other senior management post. However, number of Directors who hold a concurrent post cannot be more than half of the number of Directors of the Company.

**A 252**

Each term of office of a general manager shall be three (3) years, and the general manager may be reappointed for consecutive terms.

**A 253**

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

- (1) to lead the Company's production, operation and management, carry out the Board's resolutions;
- (2) to implement the Company's annual business and investment plans;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to formulate the basic rules and regulations of Company;

- (6) to propose the appointment or dismissal of the Company's deputy manager(s), chief financial officer;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;
- (8) to propose salaries, welfare, reward and penalty, and determine employment and dismissal of the Company's staff;
- (9) to propose the convening of extraordinary meeting of the Board of Directors; and
- (10) to exercise other powers conferred by the Articles of Association and the Board of Directors.

General manager shall report the conclusion and execution of material contracts, the use of capital and profit and loss to the Board of Directors or the Supervisory Committee at the request of the Board of Directors or the Supervisory Committee. General manager has to ensure the truthfulness of the report.

**A        254**

The general manager of the Company shall participate in Board meetings; the general manager who is not a Director of the Company has no voting right at the Boarding meetings.

**A        255**

The general manager, in performing his functions, shall act honestly and diligently and in accordance with the laws, administrative regulations, and the Articles of Association.

**A        256**

The general manager may resign before expiry of his term of office. The specific procedures and formalities of the resignation of the general manager shall be provided for in the employment contracts between the general manager and the Company.

The appointment contract signed between the Company and the general manager shall not be invalidated, terminated or modified due to the modification of the Company's Articles of Association, unless through amicable negotiation between them.

A 257

The Company shall have the Supervisory Committee. The Supervisory Committee is accountable to all the shareholders, shall monitor the compliance with laws and regulation during the performance of duties of the Company's accountants, Directors, managers and other senior management, and shall safeguard lawful interests of the Company and its shareholders.

A 258

The Supervisory Committee shall be composed of five (5) Supervisors, one of which shall act as the chairman. The term of office of Supervisors shall be three (3) years, renewable upon re-election and reappointment.

The election and removal of the chairman of the Supervisory Committee shall be made by a majority of all supervisors.

The term of office of the chairman shall be three (3) years, renewable upon re-election and reappointment.

If the chairman of the committee is unable to perform or is not performing his duties, another supervisor elected by more than half of the members of the committee shall convene and chair the meetings of the Supervisory Committee.

A 259

The Supervisory Committee shall comprise three (3) external Supervisors and two (2) representatives of staff and workers. The external Supervisors shall be elected and removed at a shareholders' general meeting; the representative of workers and staff shall be elected and removed democratically by the workers and staff of the Company.

A 260

The Directors, managers, chief financial officers and the Secretary to the Board of the Company shall not assume the position of supervisors.

A 261

Meetings of the Supervisory Committee shall be held at least once every six (6) months. Extraordinary supervisory meetings can be convened according to actual needs or by more than one third of the Supervisors. When Supervisors propose to convene an extraordinary supervisory meeting, they shall provide reasons and purpose for convening the meeting.

If a supervisory meeting cannot be convened as scheduled, reasons shall be provided in an announcement.





**A 263**

The Company shall take measures to safeguard Supervisors' right to information, provide necessary assistance for performance of their obligations free from interference and obstruction of anyone. Reasonable expense incurred by Supervisors' performance of duties shall be borne by the Company.

**A 264**

The Supervisory Committee's supervision record and results of financial or specific inspection will serve as important basis for performance assessment of Directors, managers and other senior management.

**A 265**

If the Supervisory Committee finds that Directors, managers and other senior management violate laws, regulations or the Articles of Association, it shall perform its supervisory duties, and report to the Board of Directors or shareholders' meeting, or report directly to the China Securities Regulatory Commission and its local offices, the stock exchange or other governing authorities.

**A 266**

The notice of the Supervisory Committee meeting shall be sent to all the Supervisors in writing ten (10) days before the convening of the meeting.

The notice of the extraordinary Supervisory Committee meeting shall be sent in writing in principle, and otherwise when necessary, five (5) days in prior to all the Supervisors;

The notice of Supervisory Committee meeting shall include:

- (1) the date and place of the meeting;
- (2) deadlines of the meeting;
- (3) reasons of and agenda for the meeting; and
- (4) date of the notice.

**A        267**

The chairman of the committee shall convene the Supervisory Committee meeting. If the chairman of the committee is unable to perform or is not performing his duties, another supervisor elected by more than half of the members of the committee shall chair the meetings of the Supervisory Committee.

**A        268**

The notice of the Supervisory Committee meeting shall include:

- (1) Time, venue and form of the meeting to be convened, whether it complies with laws, regulations, rules and the Company's Articles of Association;
- (2) Numbers and names of present and absent Supervisors, and reasons of their absence;
- (3) Numbers of affirmative, negative and abstention votes for each motion, reasons of such negative and abstention votes; and
- (4) Details of matters examined and resolutions made by the meeting.

**A        269**

The Supervisory Committee can require Directors, managers and other senior management, internal and external auditors to attend the meetings to answer questions concerned.

**A        270**

Voting on resolutions at Supervisory Committee meetings will record the names of the voters, each Supervisory has one vote. A resolution shall be approved by a majority of the Supervisors. Motion proposed by each supervisor will be examined by the meeting.

**A        271**

Minutes shall be prepared, on which the Supervisors present at the meeting and the person who has prepared the minutes shall sign. Each supervisor is entitled to request that an explanation of his comments made at the meetings be noted in the minutes. The minutes of Supervisory Committee meetings shall be maintained as corporate archives by the Secretary to the Board for 10 years.

A 272

All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors as are required by the Supervisory Committee in discharging its duties shall be borne by the Company.

A 273

A supervisor shall carry out his duties honestly and faithfully in accordance with the laws, administrative regulations and the Articles of Association.

CHAPTER 15. ALIFICATION AND THE FIDUCIARY,  
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A 274

A person may not serve as a Director, Supervisor, manager or any other senior management of the Company under any of the following circumstances:

- (1) a person without legal or with restricted legal capacity;
- (2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case less than five (5) years have elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) a person who is a former Director, factory manager or manager of a company or enterprise that has entered into insolvent liquidation due to poor operation and he is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise whose its business license was revoked due to a violation of the law and who incurred personal liability, where less than three (3) years has elapsed since the date of the revocation of the business license;
- (5) a person who has a relatively large amount of debts due and outstanding.

If the election or appointment of Directors, supervisors or the engagement of senior management by the Company violates the provisions of the preceding paragraph, such election, appointment or engagement shall be invalid.

If any of the circumstances listed in the clause 1 of this Article occurs during the term of office of Directors, supervisors or senior management, the Company shall dismiss their duties.

**A        275**

The validity of an act of a Director, managers and any other senior management on behalf of the Company is not, to a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

**A        276**

In addition to obligations imposed by laws, administrative regulations or required by the stock exchanges where the Company's shares are listed, each of the Company's Directors, Supervisors, managers and other senior management shall assume the following duties to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

- (1) not to cause the Company to exceed the scope of the business stipulated in its business license;
- (2) to act honestly in the best interest of the Company;
- (3) not to expropriate in any manner the Company's property, including (without limitation) advantageous opportunities for the Company;
- (4) not to expropriate the rights and interests of shareholders, including (without limitation) rights to distribution and voting rights, but excluding a restructuring of the Company submitted to shareholders for approval in accordance with the Articles of Association.

**A        277**

Each of the Company's Directors, Supervisors, managers and other senior management shall, in the exercise of his powers and discharge of his duties, exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**A        278**

Each of the Company's Directors, Supervisors, managers and other senior management members shall exercise his powers or carry on his duties on a bona fides basis and shall not put himself in a position where his duty and his interest may conflict. The principle includes (without limitation) discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his powers and not to exceed the scope;

- (3) to exercise the discretion vested in him personally and not to act under the control of another person and, unless permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except in accordance with the Articles of Association or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) not to use the Company's property for his own benefit by any means without the informed consent of shareholders given in general meeting;
- (7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) advantageous opportunities for the Company;
- (8) not to accept commissions in connection with the Company's transactions without the informed consent of shareholders given in general meeting;
- (9) to abide by the Articles of Association, faithfully execute his official duties and protect the Company's interests, and not to exploit his position and power in the Company for his own private interests;
- (10) not to compete with the Company in any form without the consent of shareholders given in general meeting;
- (11) not to misappropriate the Company's funds or to lend the Company's funds to others, not to open deposit accounts in his own name or other names and not to provide a guarantee for the shareholder(s) of the Company or other individual(s) with the Company's assets;
- (12) unless otherwise permitted by informed shareholders in general meeting, to keep in confidence information relating to the Company acquired by him in the course of and during his tenure and not to use such information for purposes other than the interests of the Company, save that disclosure of such information to courts or other governmental authorities is permitted if:
  1. disclosure is required by law;
  2. disclosure is required by the interests of the public; or
  3. disclosure is required by the interests of the relevant Director, Supervisor, managers and other senior management.

**A 279**

Each Director, Supervisor, manager and other senior management of the Company shall not cause the following persons or institutions ("Associates") to do what he is prohibited from doing:

- (1) the spouse or minor children of that Director, Supervisor, manager and other senior management;
- (2) trustees of that Director, Supervisor, manager and other senior management or any person referred to in paragraph (1) of this article;
- (3) partners of that Director, Supervisor, manager and other senior management or any person referred to in paragraph (1) and (2) of this article;
- (4) companies controlled by the Director, Supervisor, manager and other senior management alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above or other Directors, Supervisors, managers and other senior management of the Company on a de facto basis; and
- (5) Directors, Supervisors, managers and other senior management of the controlled companies referred to in paragraph (4) of this article.

**A 280**

The fiduciary duties of the Directors, Supervisors, managers and other senior management of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the circumstances and conditions under which the relationships between them and the Company are terminated.

**A 281**

Except for circumstances prescribed in Article 81 of the Articles of Association, a Director, Supervisor, manager and other senior management of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at a general meeting.

**A 282**

Where a Director, Supervisor, manager and other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the Board.

A Director shall not vote nor shall he be counted in the quorum on any board resolution approving any contract, arrangement or any other proposal in which he or any of his associates has a material interest, save for the exceptional circumstances specified in the Articles of Associations approved by the Hong Kong Stock Exchange. The following circumstances are not subject to the above restrictions:

- (1) the provision of any security or indemnity to the Director or his associates in respect of money lent or obligations incurred or undertaken by him or his associates for the benefit of the issuer or any of its subsidiaries; or the provision of any security or indemnity to a third party in respect of debts or obligations of issuer or any of its subsidiaries that provide securities or all or part securities or indemnity provide by the Director or its associates alone or jointly;
- (2) any proposal concerning an offer of shares or debentures or other securities of or by the issuer or any other company, which the issuer may promote or be interested in, for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (3) any proposal made by any other company in which the Director or his associate(s) is/are interested, whether directly or indirectly (as an officer or executive or shareholder); or any proposal made by any other company in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that such Director and any of his associates are not in aggregate beneficially interested in more than 5% of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;
- (4) any proposal or arrangement concerning the benefit of employees of the issuer or its subsidiaries including:
  1. the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which any Director may benefit; or
  2. the adoption, modification or operation of a provident fund or pension fund, death or disability benefits scheme in relation to the Directors, his associates and employees of the issuer or any of its subsidiaries, which does not provide in respect of any Director (or his associates), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
  3. any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the issuer by virtue only of his/their interest in shares or debentures or other securities of the issuer.



Unless the interested Director, supervisor, manager and other senior management discloses his interests in accordance with the preceding paragraph of this article and the contract, transaction or arrangement is approved by the Board at a meeting in which the interested Director, supervisor, manager and other senior management is not counted in the quorum and refrains from voting, a contract, transaction or arrangement in which that Director, supervisor, manager and other senior management is materially interested is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested Director, supervisor, manager and other senior management.

A Director, supervisor, manager and other senior management of the Company is deemed interested in a contract, transaction or arrangement in which an associate of him is interested.

**A 284**

Where a Director, supervisor, manager and other senior management of the Company gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding paragraph of this article to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

**A 285**

The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with, the making of a loan to a Director, supervisor, manager and other senior management of the Company or of the Company's parent company or any of their respective associates.

However, the following transactions are not subject to such prohibition:

- (1) the provision by the Company of a loan or a guarantee for a loan to a subsidiary of the Company;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of its Directors, supervisors, managers and other senior management to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in general meeting; and
- (3) The Company may make a loan or provide a guarantee in connection with the making of a loan to any of the relevant Directors, supervisors, managers and other senior management or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the provision of loans and loan guarantees.

**A 286**

A loan made by the Company in breach of the above provisions shall be forthwith repaid by the recipient of the loan regardless of the terms of the loan.

**A        287**

A loan guarantee provided by the Company in breach of clause 1 of Article 285 herein shall be unenforceable against the Company, provided that:

- (1) a loan was provided to an associate of any of the Directors, supervisors, managers and other senior management of the Company or of the Company's parent company where the lender did not know the relevant circumstances; or
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**A        288**

For the purposes of the foregoing provisions of this Chapter, a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

**A        289**

In addition to any rights and remedies provided by the laws and administrative regulations, where a Director, supervisor, manager and other senior management of the Company is in breach of his duties to the Company, the Company has the right to:

- (1) claim damages from the Director, supervisor, manager and other senior management for losses sustained by the Company due to such breach;
- (2) rescind any contract or transaction entered into by the Company with the Director, supervisor, manager and other senior management or with a third party (where such third party knows or should know that there is such a breach of duties by such Director, supervisor, manager and other senior management);
- (3) demand the Director, supervisor, manager and other senior management to surrender the profits obtained by him in breach of his duties;
- (4) recover any monies received by the Director, supervisor, manager and other senior management member that should have been otherwise received by the Company, including (without limitation) commissions; and
- (5) demand payment of the interest earned or may have been earned by the Director, supervisor, manager and other senior management on the monies that should have been paid to the Company.

**A 290**

The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with a Director or supervisor wherein his emoluments are stipulated, including:

- (1) emoluments for his service as Director, supervisor or senior management of the Company;
- (2) emoluments for his service as Director, supervisor or senior management of any subsidiary of the Company;
- (3) emoluments for other services in connection with the management of the affairs of the Company or any of its subsidiaries; and
- (4) compensation for loss of office, or as consideration for or in connection with his retirement from office.

Except under a contract entered into in accordance with the foregoing, no proceeding may be brought by a Director or supervisor against the Company for any benefits in respect of the matters mentioned herein.

**A 291**

The contract for emoluments entered into between the Company and its Directors or supervisors should provide that in the event of a takeover of the Company, the Company's Directors and supervisors shall, subject to the prior approval of the shareholders in general meeting, have the right to receive compensation or other payment for loss of office or retirement. A takeover of the Company as referred to above means:

- (1) a takeover offer made by any person to all shareholders; or
- (2) an offer made by any person with the aim of becoming a controlling shareholder.

If the relevant Director or supervisor fails to comply with this Article, any sum so received by him shall belong to those persons who have sold their shares due to the said offer. The expenses incurred in distributing that sum pro rata among those persons shall be borne by the relevant Director or supervisor and shall not be paid out of that sum.

CHARTER 16 FINANCIAL ACCOUNTING  
AND FINANCIAL TREATMENT

**A 292**

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and requirements of relevant department of the PRC.



**A 296**

The financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations, and, if necessary, be prepared in accordance with either international accounting standards or that of the stock exchange of the overseas place 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 made in the financial statements. When the Company is to distribute its after-tax profits, the lower of the after-tax profits shown in the two financial statements shall be adopted.

**A 297**

The Company shall disclose its annual report within three months of the end of each fiscal year, its interim report within two months of the end of the six (6) months before each fiscal year.

**A 298**

The Company shall not keep accounts other than those provided by law. Assets of the Company shall not be deposited in an account maintained in any individual's name.

**A 299**

When distributing each year's after-tax profits, the Company shall set aside 10% of its after-tax profits for the Company's statutory reserve fund. When the aggregate balance in the statutory reserve fund reaches 50% or more of the Company's registered capital, the Company need not make any further allocations to that fund. The Company shall not distribute bonus to shareholders before making up its losses and setting aside funds for the statutory reserve fund.

Where the Company's statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year's profits shall be used firstly to make up the losses before being allocated to the statutory reserve fund in accordance with the preceding paragraph. Subject to a resolution of the shareholders' general meeting, after allocation has been made to the Company's statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund.

The Board of Directors shall determine the distribution proportions of the after-tax profits according to the Company's business condition, subject to the approval of the shareholders' general meeting.

Company

**A 301**

After the profit distribution plan has been resolved at a shareholders' general meeting, the Board shall complete the dividend (or share) distribution within two (2) months after the holding of such meeting.

**A 302**

- (1) The Company will on principle distribute dividends to shareholders once every year according to their shareholdings. The Company can also distribute the interim cash dividend.

The Company shall pay attention to the reasonable returns to the investors and the sustainable development of the Company when distributing its profit, and the Company's profit distribution policy shall keep continuity and stability.

Holders of shares that have been paid up before payment calls by the Company are entitled to dividends, except that holders of prepaid shares are not entitled to dividends declared thereafter.

- (2) During the decision and discussion of the profit distribution policy, the Board and the shareholders' general meeting of the Company shall consider the views of independent directors and public investors, in particular the medium and minority investors, through various means such as telephone calls and emails, and respond to the concerns of the medium and minority investors on a timely basis.
- (3) The Company may distribute dividend in cash, in shares or in a combination of both cash and shares. The Board of the Company may propose to distribute interim dividend based on the profit of the Company and its capital requirement.
- (4) The Company shall actively promote profit distribution in cash. The Company shall distribute its profit in cash, providing that its cash flow can fulfill the Company's normal operation and long-term development. Profits accumulatively distributed in cash over the past three years shall be no less than 30% of the average annual distributable profits over the three years (i.e. the total cash dividends of the past three years ÷ average of the net profits of the three years 30%).

The Company may distribute dividend in shares for its profit distribution based on its accumulated distributable profit, reserves and cash flow providing that sufficient distribution in cash and the reasonable capital size of the Company are ensured. The specific proportion of cash and share shall be determined by the Board based on the operations of the Company and the related requirements of China Securities Regulatory Commission ("CSRC") and submitted to the shareholders' general meeting for consideration and approval.

- (5) The Board of the Company shall make a reasonable profit distribution proposal based on, among other things, the requirements of the Articles of Association, and the profit and capital needs of the Company.

1. The Board shall seriously study and discuss the matters such as the timing, conditions and minimum proportion of the distribution in cash by the Company when considering and approving the cash distribution plan and independent directors shall clearly state their views.
  2. The profit distribution proposal considered and approved by the Board shall be submitted to the shareholders' general meeting for consideration and approval. When the cash distribution plan is considered and approved at the shareholders' general meeting, to facilitate the medium and minority shareholders attending the shareholders' general meeting they may be offered the facilities such as online voting. For any year of which profit is achieved and the Board of the Company does not make a profit distribution proposal in cash, the annual report for that year shall disclose the reason and the independent directors shall express their views in this regard. The supervisory committee shall supervise the distribution policy and decision process of the Company implemented by the Board and the management.
- (6) The Company may be required to adjust its profit distribution policy in view of its production and operations, investment planning and long-term development, and the external operating environment providing that the adjusted profit distribution policy shall not breach the related requirements of CSRC and the stock exchange; the resolution to adjust the profit distribution policy by the Board and the Supervisory Committee shall be passed by simple majority votes of all directors, all independent directors and all supervisors respectively and independent directors shall express their independent views about the adjusted profit distribution policy.

The proposal to adjust the profit distribution policy shall be passed at the shareholders' general meeting by more than two-thirds of the shareholders present with voting rights.

- (7) Provided that the Company makes a profit and the undistributed profit is a positive figure, and there is sufficient cash flow to satisfy ongoing operation and long-term development, the Company shall distribute cash dividends.

When distributing profits, the Board of the Company shall take into full account of various factors such as features of the industries where the Company operates, the stage of development of the Company, its own business model, level of profitability, and whether there is significant capital expenditure arrangement, to distinguish the following situations and put forward differentiated cash dividend policy in accordance with the procedures as required by this Articles of Association:

**A 303**

The Company may distribute dividends in the following manner:

- (1) Cash; cash dividends of domestic shares denominated and declared in RMB shall be distributed in RMB, cash dividends of foreign shares will be distributed in Hong Kong Dollar. The Company is highly concerned about reasonable returns for investors and will adopt positive cash distribution manner.
- (2) Shares; shareholders can legally obtain bonus shares in proportion to the shares held by them.

The Company may adopt the above-mentioned two manners at the same time.

**A 304**

The Board of Directors shall disclose profit distribution plans in detail in its regular reports. If it fails to make such plans, the Company will provide reasons for such failure in the regular reports. If a shareholder of the Company impropriates the Company's fund, during the cash dividend distribution, the Company shall deduct the cash dividend to the shareholder for repayment of the impropriated fund.

**A 305**

In the distribution of dividends, the Company shall, in accordance with laws, withhold and pay on behalf of shareholders the tax payable on their dividend income.

Distribution of dividends of the Company shall be notified to shareholders in announcements or other manners provided by the Articles (if necessary).

Shares held by the Company shall not be used in distribution of profits.

**A 306**

The Company shall appoint receiving agents on behalf of the holders of overseas listed foreign shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of such shares.

The receiving agents appointed by the Company shall satisfy the relevant requirements of the laws of the place and relevant regulations of the stock exchange where the Company's shares are listed.

The receiving agent appointed on behalf of holders of overseas listed foreign shares listed on the Hong Kong Stock Exchange shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.



**A 307**

The Company shall implement an internal audit system, and shall establish internal audit department and retain full-time auditors to conduct internal audit of the Company's expenditure and economic activities.

**A 308**

The internal audit system and duties of the internal auditors of the Company shall be implemented after the approval by the Board. The chief auditor shall be accountable and report to the Board.

**CHAPTER 17 ARTICLE F ACCOUNTANTS' FIRM**

**A 309**

The Company shall appoint an independent firm of certified public accountants that is qualified under the relevant national regulations to audit the Company's annual financial statements and review the Company's other financial reports.

The first accountants' firm of the Company may be appointed by the inaugural meeting of the Company before the first annual general meeting and the accountants' firm so appointed shall hold office until the conclusion of the first annual general meeting.

If the inaugural meeting fails to exercise its aforesaid powers, those powers shall be exercised by the Board.

**A 310**

The accountants' firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual general meeting. After the term expires, the accountants' firm can be reappointed.

**A 311**

The Company shall guarantee that the accounting evidence, accounting books, financial reports and other accounting information provided to the accountants' firm it engages are true and complete and it shall not refuse or withhold any such information nor shall it provide any false information.

**A 312**

Before the convening of the shareholders' general meeting, the Board may fill any casual vacancy in the office of the accountants' firm, but while any such vacancy continues, the surviving or continuing firm, if any, may act.

**A 313**

The shareholders in general meetings may, by ordinary resolution, remove an accountants' firm before the expiration of its office, notwithstanding the terms in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

**A 314**

The remuneration of an accountants' firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in general meeting. The remuneration of an accountants' firm appointed by the Board shall be determined by the Board.

**A 315**

The Company's appointment of, removal of and non-reappointment of an accountants' firm shall be resolved by shareholders' general meeting.

**A 316**

Where it is proposed that any resolution be passed at a shareholders' general meeting concerning the appointment of an accountants' firm, which is not an incumbent firm, to replace an existing accountant's firm or to fill a casual vacancy in the office of the accountants' firm, or to reappoint a retiring accountants' firm appointed by the Board to fill a casual vacancy, or to remove the accountants' firm before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the proposal about appointment or removal shall be sent to the firm proposed to be appointed or proposing to leave its post or the firm that has left its post in the relevant fiscal year before notice of meeting is given to the shareholders. Leaving includes leaving by removal, resignation and retirement;
- (2) If the leaving firm makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall (unless the representations are received too late):
  1. in any notice given to shareholders about a resolution to be made, state the representations that has been made by the leaving accountants' firm; and
  2. attach a copy of the representations to the notice and deliver it to the shareholders as required by the Articles of Association.
- (3) If the firm's representations are not sent in accordance with paragraph (2) above, the relevant firm may require that the representations be read at the shareholders' general meeting and may make further complaints.

(4) An accountants' firm that is leaving its post shall be entitled to attend:

1. the shareholders' general meeting relating to the expiry of its term of office;
2. any shareholders' general meeting where it is proposed to fill the vacancy caused by its removal; and
3. any shareholders' general meeting convened for its resignation;

and to receive all notices of, and other communications relating to, any such meetings, and to speak at such meetings in relation to matters concerning its role as the former accountants' firm of the Company.

**A 317**

Prior to the removal or the non-renewal of the appointment of an accountants' firm, notice of such removal or non-renewal shall be given to the accountants' firm concerned and such firm shall be entitled to make representation at the shareholders' general meeting. Where the accountants' firm resigns from its post, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

Any accountants' firm may resign from its office by depositing at the Company's legal residence a resignation notice that shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include:

- (1) a statement to the effect that there is no circumstance connected with its resignation that it considers should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any matters of which an account should be given.

**A 318**

Where a notice is deposited under the 2nd clause of preceding paragraph, the Company shall within fourteen (14) days send a copy of the notice to the competent authority. If the notice contains a statement referred to in subparagraph (2) above, a copy of such statement shall be placed at the Company's registered office for shareholders' inspection. The Company shall also send a copy of such statement to every holder of overseas listed foreign shares by prepaid post, announcement or other manners provided by the Articles of Association (if necessary), and it shall be sent to the addresses recorded in the register of shareholders.

**A 319**

Where the notice of resignation of an accountants' firm contains a statement of any matters of which an account should be given, the accountants' firm may require the Board to convene a shareholders' extraordinary general meeting to explain the circumstances connected with its resignation.

**CHAPTER 18 THE MERGER AND DIVISION OF THE COMPANY**

**A 320**

The merger or division of the Company shall comply with the following procedures:

- (1) the Board proposes the merger or division plan;
- (2) the shareholders' general meeting makes a resolution as required by the Articles of Association;
- (3) parties concerned enter into the merger or division contract;
- (4) proceed with examination and approval formalities according to law;
- (5) handle creditor's right and debt and other matters relating to the merger or division; and
- (6) complete dissolution or modification registration.

**A 321**

The merger of the Company may take the form of absorption or establishment of a new company.

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on merger and shall make at least three (3) newspaper announcements on China Securities Journal within thirty (30) days of the date of the Company's resolution on merger.

After the merger, claims and liabilities of parties to the merger shall be taken over by the continuing company or the newly established company.

**A 322**

When the Company is divided, its assets shall be split accordingly.

In the event of a division of the Company, balance sheets and inventories of assets shall be prepared. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on division and make public announcement through newspapers and other means within 30 days.

Debts incurred by the Company before its division shall be jointly and severally borne by the company after the division; unless otherwise stipulated in the written agreement reached between the Company and its creditors on the settlement of debts before the division.

**A 323**

During the merger of the Company, the creditors have the right, within 30 days of receiving the notice or, if such notice is not received, within 45 days of the publication of the announcement, to require the Company to repay its debts or provide a related guarantee.

After the merger, claims and liabilities of parties to the merger shall be taken over by the continuing company or the newly established company.

**A 324**

During the merger or division of the Company, the Board of Directors shall take necessary measures to protect the lawful rights and interests of shareholders who oppose such merger or division.

**A 325**

When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

**A 326**

The Company shall be dissolved and liquidated in any of the following circumstances:

- (1) the term of operation expires or other causes for dissolution specified in the Articles of Association occurs;
- (2) dissolution by way of a resolution at a general meeting;
- (3) dissolution is necessary due to a merger or division of the Company;
- (4) the Company's business license is revoked or the Company is ordered to close down or deregister in accordance with law;
- (5) where the Company experiences serious difficulties in operation and management and its continuation may cause substantial loss to the interests of shareholders, and no solution can be found through any other channels, shareholders representing more than 10% of the voting rights of all shareholders of the Company may request the People's Court to dissolve the Company; and
- (6) the Company is declared bankruptcy due to the failure in repaying due debts.

**A 327**

Where the Company is to be dissolved pursuant to paragraph (1) of the preceding article, the Company may continue to exist by amending the Articles of Association. The amendment to the Articles of Association pursuant to the previous paragraph shall be passed by the two – thirds of the votes by shareholders at the extraordinary general meeting.

Where the Company is dissolved under paragraphs (1), (2), (4) and (5) of the preceding article, a liquidation committee shall be set up to commence liquidation within fifteen (15) days from the date of occurrence of events giving rise to dissolution. The members of the liquidation committee shall be determined by the Directors or a general meeting. In case no liquidation committee is established within the specified period to commence liquidation, the creditors may apply to the People's Court to designate relevant persons to form a liquidation committee and commence liquidation.

**A 328**

The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and make newspaper announcements within sixty (60) days of that date. Creditors should, within thirty (30) days after receiving the notice, or for those who do not receive the notice, within forty-five (45) days from the date of the announcement, declare their claims to the liquidation committee.

When declaring their claims, creditors shall explain relevant particulars of their claims and provide supporting materials. The liquidation committee shall register the claims.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

#### **A 329**

During the liquidation period, the liquidation committee shall exercise the following functions and duties:

- (1) to ascertain the Company's assets and separately prepare a balance sheet and an inventory of assets;
- (2) to notify creditors by sending notice or by making announcement;
- (3) to deal with and settle the Company's outstanding business deals in relation to the liquidation;
- (4) to settle outstanding taxes and taxes arising from the liquidation process;
- (5) to ascertain all claims and debts;
- (6) to dispose of the remaining assets of the Company after the repayment of debts; and
- (7) to represent the Company in any civil proceedings.

#### **A 330**

After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit it to a shareholders' general meeting or competent authorities for confirmation.

The remaining assets of the Company after payment of liquidation expenses, employees' salary, social insurance costs and statutory compensation, payment of outstanding taxes and settlement of the Company's debts, respectively, is distributed by the Company in proportion to the shareholdings of shareholders.

During the liquidation period, the Company continues to exist but shall not carry out business activities irrelevant to the liquidation.

Assets of the Company shall not be distributed to shareholders before the payment and settlement provided in the preceding paragraph.

**A 331**

If the liquidation committee, after ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to repay its debts, it shall apply to the people's court for a declaration of bankruptcy in accordance with the laws.

After the Company is declared bankrupt by a ruling of the people's court, the liquidation committee shall transfer the liquidation matters to the people's court.

**A 332**

Following the completion of liquidation, the liquidation committee shall present a report on liquidation and submit to the shareholders' general meeting or the people's court for confirmation to the Company's registration authorities to cancel the Company's registration and announce the dissolution of the Company.

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**A 333**

The Company may, pursuant to the requirements of the laws, administrative regulations and the Articles of Association, amend the Articles of Association.

The Company shall amend the Articles of Association under any of the following situations:

- (1) there is a discrepancy between the provisions of the Articles of Association and those of laws and administrative regulations after the amendment to the Company Law or relevant laws and administrative regulations;
- (2) there are changes in the situation of the Company resulting in inconsistency in relation to the scenarios mentioned in the Articles of Association;
- (3) the shareholders' general meeting resolves to amend the Articles of Association.

**A 334**

Any amendments subject to approval by the competent government authorities shall submit to such competent authority for approval. If registration is necessary for the amendments, such registration shall be carried out in compliance with the relevant laws.

**A 335**

Any amendment to the Articles of Association shall be subject to announcement if so required by the laws and regulations.



**A 336**

Corporate communications may be sent by any of the following means:

- (1) by hand;
- (2) by post;
- (3) by public announcements;
- (4) by any other means provided in the Articles of Association.

Subject to the compliance with laws, regulations and listing rules of the place where the shares of the Company are listed and the Articles of Association, the Company can send, post, mail, issue, publish or provide any the Company's communication by electronic and other means provided by the Articles of Association, including without limitation email and CD, or through the Company's website and the stock exchange's website.

**A 337**

Any notice of the Company given by public announcement shall be deemed received by all relevant persons once it is published.

**A 338**

Notices of convening Board meetings will be given by letters or/and telegrams, telexes and fax; where the given means are unavailable, such notices will be given by public announcements.

**A 339**

Notices of convening Supervisory Committee meetings will be given by letters or/and telegrams, telexes and fax; where the given means are unavailable, such notices will be given by public announcements.

**A 340**

Where a notice of the Company is served by hand, the addressee shall be required to sign his name (or affix his chop) on the receipt, and the signing date of the receipt shall be the date of service; where a notice is sent by post, such notice is deemed served ten (10) working days after it is deposited at the post office. For any notices issued by the Company by public announcement or electronic means, the date of first publication shall be the date of service. Notices given by fax will be deemed received on the issuance date of the fax.

**A 341**

The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting.

**A 342**

Announcements and other information of the Company to be disclosed shall be published on the media for information disclosure in compliance with the requirements of the securities regulatory authority of the State Council.

**A 343**

Unless otherwise stated in this Articles of Association, the notices, information or written statements issued by the Company to the shareholders of the overseas listed foreign shares listed in Hong Kong shall be dispatched to such shareholders by hand or by mail, or by other means provided by the Articles of Association (if necessary) to the addresses of such shareholders as shown in the register of the overseas listed foreign shareholders. Notices given to the shareholders of the overseas listed foreign shares listed in Hong Kong shall, to the practicable extent, be sent in Hong Kong.

As to the notices to be issued by the Company to the holder of domestic shares (including holders of domestic shares (A share) and holders of domestic listed foreign shares (B share)), the Company shall publish an announcement on one or more newspaper designated by the securities regulatory authorities of the PRC; once the announcement is published, the holders of domestic shares shall be deemed to have received the relevant notice.

**A 344**

Where a notice is to be sent by post, it shall be placed in an envelope properly addressed with postage prepaid, and is deemed served to shareholders on the date of dispatch.

**A 345**

Any notice, document, information or written statement given by a shareholder or Director to the Company shall be delivered by hand or by registered mail to the legal address of the Company.

Shareholders or Directors of the Company who want to prove that certain notices, documents, information or written statements have been served on the Company shall provide evidential materials showing the same have been served on the Company within the designated periods by common practice of delivery, or evidential materials showing that the mailing address is correct and the postage is fully paid.

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Unless the context otherwise requires, the expressions and terms of the Articles of Association shall have meanings as follows or given in the respective chapters:

- (1) Accountants' firm is equal to "auditor".
- (2) "Controlling shareholder" in the Articles of Association refers to the person that meets one of the following conditions:
  1. such person acting individually or collectively with others can elect over 50% of the Directors;
  2. such person acting individually or collectively with others can exercise over 30% (inclusive) of the voting right of the Company or control the exercise of over 30% (inclusive) of the voting right of the Company;
  3. such person acting individually or collectively with others hold over 30% (inclusive) of the issued shares with voting rights of the Company;
  4. such person acting individually or collectively with others in actual control of the Company by other means.
- (3) Beneficial controller means a person who is able to dominate the acts of the company by means of its investment relations, agreement or other arrangements despite that he is not a shareholder of the Company.
- (4) Affiliated relation means the relation between the controlling shareholder of the Company, beneficial controller, Directors, supervisors, senior management and the enterprise that they control directly or indirectly, and other relation that may cause the transfer of interest of the Company. However, the relation between fellow state – controlled enterprises shall not be deemed as affiliated relation merely because they are both controlled by the State.

- (5) External Director means a Director that does not take office in the Company;
- (6) Independent Director means a Director who is independent of the shareholders of the Company and does not take office in the Company;
- (7) Shares with voting rights mean ordinary shares;
- (8) All “over”, “within”, “under” and “before” in the Articles of Association include themselves; “less than” and “except” do not include themselves;
- (9) “Company’s communication” means any documents, which are referred or used to take actions by any holders of securities of the Company, are sent or will be sent by the Company. Such documents represent, including but not limited to: (a) the report of the board of Directors, the annual accounts of the Company, together with the auditors’ report and (if applicable) the summary of the financial report; (b) the interim report and (if applicable) the summary of the interim report; (c) notice of the meeting; (d) listing documents; (e) circulars; and (f) proxy forms.

**A 348**

The Board of Directors may formulate detailed rules of the Articles of Association in accordance with the provisions herein. Such detailed rules shall not contravene the provisions in the Articles of Association.

Supplementary resolutions regarding to the Articles of Association and detailed rules approved by the shareholders’ general meeting of the Company constitute a part of the Articles of Association.

**A 349**

The Board of Directors of the Company shall be responsible for interpreting the Articles of Association.

**A 350**

Matters uncovered in the Articles of Association shall be governed by applicable national laws, regulations, rules and documents.

If any provisions of the Articles of Association conflict with the Listing Rules or other governing laws, regulations and codes, the Listing Rules or other governing laws, regulations and codes shall prevail.

**A 351**

The Articles of Association is written in Chinese. In case of any discrepancy between versions in other languages or different versions and the Articles of Association, the latest Chinese version approved for registration with the Shandong Municipal Administration for Industry & Commerce shall prevail.

**A 352**

Appendices to the Articles of Association include procedural rules of the general meeting, procedural rules of the board of directors meeting and procedural rules of supervisors meeting.