

# 无锡盛力达科技股份有限公司

**WUXI SUNLIT SCIENCE AND TECHNOLOGY COMPANY LIMITED**

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

## **The Articles of Association of Wuxi Sunlit Science and Technology Company Limited**

Passed by the special shareholder's resolution at the shareholders' general meeting on August 11th 2013

Amended by shareholders' general meeting on December 21st 2013

Amended by meeting of the Board of Directors on April 10th 2014

Amended by 2014 annual general meeting on June 19th 2015

Amended by 2015 annual extraordinary general meeting on November 6th 2015

Amended by 2016 annual general meeting on June 7th 2016

Amended by 2022 annual general meeting on June 17th 2022

Amended by 2023 annual general meeting on June 9th 2023

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Note: In the marginal notes hereto, the following terms shall have their respective meanings below:

“Company Law”	The Company Law of the People's Republic of China (Implemented from 1 March 2014)
“Mandatory Provisions”	The Mandatory Provisions of the Articles of Association of Companies Seeking Overseas Listing(Zheng Wei Fa [1994] No. 21)
“Guidelines on Articles of Association”	Guidelines on the Articles of Association of Listed Company(Zheng Jian Gong Si Zi[2006] No. 38)
“Zheng Jian Hai Han”	Opinions on Alternation to the Article of Association of listed companies on the Stock Exchange of Hong Kong Limited (Zheng Jian Hai Han [1995] No.1)
“Regulatory Opinions”	Opinions on Facilitating the Regulated Operation of Companies Listed Overseas and Deepening the Reform (Guo Jing Mao Qi Gai [1999] No. 230)
“Special Regulations”	Special Regulations of the State Council Concerning Issuing and Listing of Shares Overseas by Joint Stock Limited Company (Decree No. 160 of the State Council)
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Appendix 3 to the Main Board Listing Rules”	Appendix 3 to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Appendix 14 to the Main Board Listing Rules”	Appendix 14 to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Appendix 13D to the Main Board Listing Rules”	Part D of the Appendix 13 to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

# Wuxi Sunlit Science and Technology Company Limited

## Articles of Association

### Chapter 1: General Provisions

Article 1.1 The Articles of Association (hereinafter referred to as the “Articles”) formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as “Company law”), the Securities Law of the People’s Republic of China (hereinafter referred to as “Securities Law”), Special Regulations of the State Council Concerning Issuing and Listing of Shares Overseas by Joint Stock Limited Company (hereinafter referred to as “Special Regulations”), Notice of the Securities Commission of the State Council and the State Commission for Restructuring the Economic System on the Implementation of the Mandatory Provisions of the Articles of Association of Companies Seeking Overseas Listing (hereinafter referred to as “Mandatory Provisions”), Guidelines on the Articles of Association of Listed Company (hereinafter referred to as “Guidelines on Articles of Association”) and other relevant laws, administrative regulations and rules, for the purpose of protecting the legitimate rights and interests of the Company, shareholders and creditors, and regulating the organization and activities of the Company.

Article 1  
of  
Guidelines  
on Articles  
of  
Associatio  
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Wuxi Sunlit Science and Technology Company Limited (the “Company”) is a joint stock limited liability company duly incorporated in the People’s Republic of China in accordance with the Company Law, Special Regulations, Mandatory Provisions and Guidelines on Articles of Association and other relevant laws and regulations

Article 1  
of  
Mandatory  
Provisions

The Company was promoted and established through fully transforming from its predecessor company Wuxi Sunlit Machinery & Engineering Company Limited, and was registered with, and has obtained a business license from, Administration for Industry and Commerce of Wuxi, Jiangsu Province on 24 July 2012. The Company’s business license number is: 320206000106863.

Article 2  
of  
Guidelines  
on Articles  
of  
Associatio  
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The promoters of the Company are: Zhang Degang, Zhang Deqiang, Zhang Jinghua, Wuxi Shunxin Investment Enterprise (Limited Partnership), Shanghai Yudao Tiansui Investment Development Center

(Limited Partnership), Changzhou Jinling Huaruan Venture Capital Partnership (Limited Partnership), Huaxuan (Shanghai) Equity Investment Fund Company Limited, Shanghai Anfuda Equity Investment Fund Partnership (Limited Partnership), Shanxi Xinjian Industrial Development Company Limited, Zuoli Holdings Group Company Limited, Suzhou Industrial Park Heyuan Northern Light Venture Capital Partnership (Limited Partnership), Shanghai Zhongjing Investment Partnership (Limited Partnership) and Shanghai Fengyao Investment Partnership (Limited Partnership).

Article 1.2 The Company's registered names

Chinese Name: 无锡盛力达科技股份有限公司

English Name: Wuxi Sunlit Science and Technology Co., Ltd.

Article 1.3 The registered address of the Company: 1 YanXin Road East, Huishan Economic Development Zone, Wuxi City

Postal Code: 214174

Telephone number: (86) 510 83760568

Facsimile number: (86) 510 83760060

Article 1.4 The Company's legal representative shall be the chairman of the board of directors.

Article 1.5 The Company is a perpetually existing joint-stock limited liability company, an independent legal person under the governance and protection by the laws, regulations and other relevant rules of the Peoples' Republic of China.

Article 1.6 The capital of the Company shall be divided into shares and each share shall have equal value. The respective liability of the shareholders shall be limited to the shares subscribed for by them. The Company shall be held liable for its debts with all its assets.

Article 1.7 The Articles were adopted by a special resolution at the shareholders' general meeting and approved by the competent authorities.. The original Articles of Association of the Company shall automatically expire upon the effective date of the Articles.

Article 2 of Mandatory Provisions Article 4 of Guidelines on Articles of Association

Article 3 of Mandatory Provisions Article 5 of Guidelines on Articles of Association

Article 4 of Mandatory Provisions Article 8 of Guidelines on Articles of Association

Article 5 of Mandatory Provisions Article 7 of Guidelines on Articles of Association

Article 3 of Company Law Article 9 of Guidelines on Articles of Association

Article 6 of Mandatory Provisions

The Articles shall become a legally binding document that regulates the organization and acts of the Company as well as the rights and obligations between the Company and its shareholders and among the shareholders from the date on which it becomes effective.

Article 1.8 The Articles shall be binding upon the Company and its shareholders, directors, supervisors, general manager and deputy general managers and other senior management officers. All the above persons may make claims related to matters of the Company in accordance with the Articles.

Article 7 of Mandatory Provisions Article 10 of Guidelines on Articles of Association

A shareholder may take action against the Company pursuant to the Articles of Association and vice versa. A shareholder may also take action against another shareholder, the directors, supervisors, general manager, deputy general managers and other senior management officers of the Company pursuant to the Articles of Association.

The actions referred to in the preceding paragraph include court proceedings and arbitration proceedings.

Article 1.9 The Company may invest in other limited liability enterprises and joint stock limited liability enterprises and shall be held responsible for the enterprises in which the company has invested within the limitation of the amount of the Company's capital contribution.

Article 15 of Company Law Article 8 of Mandatory Provisions

Unless otherwise provided by law, the Company shall not become an investor that shall bear several and joint liabilities for the debts of the enterprises it invests in.

Article 1.10 Senior management officers referred to in the Articles of Association shall mean the Company's general manager, deputy general manager, financial controller, secretary to the board of directors and other persons stipulated in the Articles of Association of the Company.

Article 216 of Company Law Article 11 of Guidelines on Articles of Association

## **Chapter 2: Mission and Scope of Business**

Article 2.1 The mission of the Company is to be market –oriented and establish a modern enterprise system and to bring value to the customers, create return for the shareholders and fulfill social obligation by taking advantage of the advanced technology and innovations in product application..

Article 9 of Mandatory Provisions Article 12 of Guidelines on Articles of Association

Article 2.2 The Company's scope of business includes: the design, installation, debugging and debugging of the automation control equipment; the manufacturing and processing of automation and control equipment, machinery parts and stainless steel trough; the wholesale of standard machinery and parts, electronic machinery and appliance, hardware and electrical equipment, instrument and meter; the import and export business of the above products (the above import and export business excludes products under state-run trade and management, while the application for products under quota and permit shall be made according to the relevant state requirements) (if any of the above business requires administrative permit, the business shall only be conducted after the acquisition of such permit).

Article 10 of Mandatory Provisions Article 13 of Guidelines on Articles of Association

The business scope as approved by the registration authorities will be final and valid. The Company can adjust its business scope and practice and sets up subsidiaries, branches and offices in China and abroad (whether or not it is wholly owned) according to the changes of the market and its own business needs

### **Chapter 3: Shares and Registered Capital**

Article 3.1 The Company shall have ordinary shares at all times. The Company may create other classes of shares if necessary, upon approval by the examining and approving departments authorized by the State Council. .

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

Article 3.2 Shareholding in the Company shall be by way of shares.

Article 14 of Guidelines on Articles of Association

All shares issued by the Company shall take the form of stocks with par value, which shall be RMB 1 for each share.

Article 12 of Mandatory Provisions

Article 15 of Guidelines on Articles of Association

Issuing of company shares shall adopt an open, fair and just principle. Shares of the same class shall have equal rights.

During the issuance of the same class of shares, each share shall have the same conditions of issuance and price. Any such share subscribed by any entity or individual should charge the same price.

Article 16 of  
Guidelines on  
Articles of  
Association

Article 3.3 The Company may issue shares to investors inside the People's Republic of China and to investors outside the People's Republic of China upon approval by the securities authority of the State Council.

Article 13 of  
Mandatory  
Provisions

For the purposes of the preceding paragraph, the term "investors outside the People's Republic of China" shall refer to investors from foreign countries or from Hong Kong, Macau or Taiwan that subscribe for shares issued by the Company, and the term "investors inside the People's Republic of China" shall refer to investors inside the People's Republic of China, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

Article 3.4 The shares issued by the Company to investors inside the People's Republic of China and to be subscribed for in Renminbi shall be referred to as "domestic shares".

Article 14  
of  
Mandatory  
Provisions

Shares issued by the Company to investors outside the People's Republic of China and to be subscribed in a foreign currency shall be referred to as "foreign shares". "Foreign shares" listed and traded on overseas stock exchange are referred to as "overseas listed foreign invested shares". Overseas listed foreign invested shares issued by the Company and which are listed in Hong Kong shall be referred to as "H Shares". H Shares are shares which have been admitted for listing on the HK Stock Exchange, the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars. H Shares may also be listed on the stock exchanges within the United States in the form of American Depository Receipts.

The holders of the unlisted shares of the Company may list their shares for trading on an overseas stock exchange, subject to the approval of the securities regulatory authority of the State Council. To list or trade such shares on an overseas stock exchange, the regulating procedures, rules and requirements of the overseas stock market shall be observed. Voting by holders of different classes of shares is not required in the situation where the listed shares are listed or trade on an overseas stock exchange.



Article 3.5 On July 24th 2012, the Company was converted into a joint stock limited company issuing a sum of 96,000,000 ordinary shares which were subscribed for and held by the promoters of the Company. The details of the shareholding are as follows:

No.	Name of Promoters	Number of Shares (0'000 shares)	Proportion of Total Share Capital (%)	Contribution Method
1	Zhang Degang	4,322.1504	45.02	Net asset
2	Zhang Deqiang	2,998.3104	31.23	Net asset
3	Zhang Jinghua	402.7392	4.20	Net asset
4	Shanghai Yudao Tiansui Investment Development Center (Limited Partnership)	480	5.00	Net asset
5	Wuxi Shunxin Investment Enterprise (Limited Partnership)	441.60	4.60	Net asset
6	Huaxuan (Shanghai) Equity Investment Fund Company Limited	192	2.00	Net asset
7	Zuoli Holdings Group Company Limited	192	2.00	Net asset
8	Shanghai Anfuda Equity Investment Fund Partnership (Limited Partnership)	120	1.25	Net asset
9	Shanghai Fengyao Investment Partnership (Limited Partnership)	115.20	1.20	Net asset
10	Changzhou Jinling Huaruan Venture Capital Partnership (Limited Partnership)	96	1.00	Net asset
11	Shaanxi Xinjian Industrial Development Company Limited	96	1.00	Net asset
12	Shanghai Zhongjing Investment Partnership (Limited Partnership)	96	1.00	Net asset
13	Suzhou Industrial Park Heyuan Northern Light Venture Capital Partnership (Limited Partnership)	48	0.50	Net asset

Article 15 of Mandatory Provisions Article 18 of Guidelines on Articles of Association Article 81 (IV), (V) of Company Law Article 19 of Guidelines on Articles of Association

	Partnership)		
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The date of the contribution was July 19th 2012.

The details of the shareholders of the company's domestic shares and their shareholdings upon transfer of shares are as follows:

No.	Name of Promoters	Number of Shares (0'000 shares)	Proportion of Total Share Capital (%)
1	Zhang Degang	3,482.1504	27.21
2	Zhang Deqiang	2,998.3104	23.42
3	Zhang Jinghua	1,242.7392	9.71
4	Shanghai Yudao Tiansui Investment Development Center (Limited Partnership)	480	3.75
5	Wuxi Shunxin Investment Enterprise (Limited Partnership)	441.60	3.45
6	Huaxuan (Shanghai) Equity Investment Fund Company Limited	192	1.5
7	Zuoli Holdings Group Company Limited	192	1.5
8	Shanghai Anfuda Equity Investment Fund Partnership (Limited Partnership)	120	0.94
9	Shanghai Fengyao Investment Partnership (Limited Partnership)	115.20	0.9
10	Changzhou Jinling Huaruan Venture Capital Partnership (Limited Partnership)	96	0.75
11	Shanxi Renren Investment Management Company Limited	96	0.75
12	Shanghai Zhongjing Enterprise Management Partnership (Limited Partnership)	96	0.75
13	Suzhou Industrial Park Heyuan Northern Light Venture Capital Partnership (Limited Partnership)	48	0.37

- Article 3.6 As approved by the securities regulatory authority of the State Council, the Company initially issued 32,000,000 overseas-listed foreign invested shares (excluding the over-allotment), representing approximately 25% of the total number of ordinary shares of the Company in issue. [Article 16 of Mandatory Provisions](#)
- The shareholding structure of the Company is as follows: there are 128,000,000 ordinary shares, of which 96,000,000 shares are held by domestic shareholders, representing 75% of the total ordinary shares of the Company in issue; and 32,000,000 shares are held by holders of overseas-listed foreign invested shares, representing 25% of the total ordinary shares of the Company in issue. [Paragraph 9 of Appendix 3 to the Main Board Listing Rules](#)
- Article 3.7 After the plan for issuing overseas listed foreign invested shares and domestic shares has been approved by the securities regulatory authorities of the State Council, the board of the Company may arrange for implementation of such plan by means of separate issue. [Article 17 of Mandatory Provisions](#)
- The Company’s plan for separate issues of overseas listed foreign invested shares and domestic shares in accordance with the preceding paragraph may be implemented separately within 15 months after being approved by the China Securities Regulatory Commission of the State Council.
- Article 3.8 Where the total number of shares stated in the proposal for the issuance of shares includes overseas-listed foreign invested shares and domestic shares, such shares should be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for all at once due to special circumstances, the shares may, subject to the approval of the China Securities Regulatory Commission, be issued in separate offerings. [Article 18 of Mandatory Provisions](#)
- Article 3.9 .After the issuance of the overseas-listed foreign invested shares as aforementioned in Article 3.6, the registered capital of the Company shall be RMB128,000,000 where the over-allotment option is not exercised. The Company shall be converted into a company limited by shares with foreign investment. [Article 19 of Mandatory Provisions](#)

Article 3.10 The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to the Company's Articles of Association.

Article 20 of  
Mandatory  
Provisions  
Article 21 of  
Guidelines  
on Articles of  
Association

The Company may increase its capital in the following ways:

(I) offering new shares to non-specially-designated investors for subscription;

(II) issuing new shares to its existing shareholders;

(III) allotting bonus shares to its existing shareholders;

(IV) issuing new shares to specially-designated parties;

(V) converting reserve funds into capital;

(VI) any other means which are stipulated in laws and administrative regulations.

After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of the Articles of Association, the issuance thereof should be made in accordance with the procedures set out in the relevant laws and administrative regulations of the State.

Article 3.11 The Company may not accept its own shares as the subject matter of a pledge.

Article 27 of  
Guidelines  
on Articles of  
Association

Article 3.12 Shares of the Company held by the promoter are not transferable within 1 year commencing from the date of establishment of the Company. Shares of the Company that are already in issue prior to its public offering are not transferable within 1 year commencing from the date on which the shares of the Company are listed and traded on a stock exchange.

Article 28 of  
Guidelines  
on Articles of  
Association

The directors, supervisors and senior management officers of the Company shall report to the Company the number of shares held by them in the Company and the subsequent changes in their shareholdings. The number of shares which a director, supervisor or senior management officer may transfer every year during his period of office shall not exceed 25% of the total number of the Company's shares held by him; and shares of the Company held by him are not transferable within one year commencing from the date on which the

shares of the Company are listed and traded on a stock exchange. Such personnel shall not transfer the Company's shares in their possession within six months after they have terminated their employment with the Company.

Article 3.13 Where the Company's directors, supervisors, senior management officer and shareholders which hold not less than 5% of the total shares of the Company sell their held shares within six months after having bought such shares, or buy such shares within six months after having sold them, all proceeds thus obtained shall belong to the Company and be resumed by the board of directors of the Company. However, if a securities company undertakes to purchase the remaining shares after sale, thereby holding not less than 5% of the shares, the sale of these shares shall not be subject to the above said 6-month restriction.

Article 29 of Guidelines on Articles of Association

Where the board of directors refuses to comply with the provisions of the preceding paragraph, the shareholders shall have the right to request the enforcement by the board of directors of the said provisions within 30 days. If the board of directors fails to do so within the said time limit, a shareholder shall have the right to initiate proceedings in a people's court directly in his own name in the interests of the Company.

Where the board of directors refuses to comply with the first paragraph of this Article, the responsible directors shall bear joint and several liabilities according to the laws.

Article 3.14 Unless otherwise stipulated in the relevant laws or administrative regulations or when permitted by the HK Stock Exchange, fully paid-up shares of the Company shall be free from any restriction on the right of transfer and shall also be free from all liens. The transfer of overseas-listed foreign invested shares listed in Hong Kong is subject to the registration by the local stock registration agency in Hong Kong appointed by the Company.

Article 21 of Mandatory Provisions Article 26 of Guidelines on Articles of Association Paragraph 1(2) of Appendix 3 to the Main

## **Chapter 4: Capital Reduction and Share Repurchase**

Article 4.1 The Company may reduce its registered share capital in accordance with the provisions in the Articles of Association.

Board Listing Article 22 of Rules Mandatory Provisions Article 22 of Guidelines on Articles of Association

Article 4.2 The Company must prepare a balance sheet and an inventory when it reduces its registered capital.

Article 23 of Mandatory Provisions

The Company shall notify its creditors within 10 days of the date of the Company's resolution for reduction of registered capital and shall publish an announcement in a newspaper within 30 days of the date of such resolution. A creditor has the right within 30 days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within forty-five days of the date of the announcement, to require the Company to discharge its debts or to provide a corresponding guarantee for such debt.

Article 177 of  
Company  
Law

Article 176 of  
Guidelines on  
Articles of  
Association

Article 4.3 The Company may, in accordance with the procedures set out in the Articles of Association and subject to the approval of the relevant governing authority of the PRC, repurchase its issued shares under the following circumstances:

Article 24 of  
Mandatory  
Provisions

(I) cancellation of its shares for the purpose of reducing its capital;

Article 23 of  
Guidelines  
on Articles  
of  
Association

(II) merging with other companies holding the shares of the Company;

(III) awarding shares to staff and workers of the Company; or

Article  
142 (I) of

(IV) where shareholders raise objections to resolutions passed by the shareholders' general meeting on the merger or division of the company, and thus require it to acquire its own shares;

Company  
Law

(V) other circumstances permitted by the laws and administrative regulations.

Other than the aforementioned circumstances, the Company shall not repurchase its own shares.

Article 4.4 The Company may, upon the approval of the relevant PRC governing authorities, repurchase its shares in one of the following ways:

Article 25 of  
Mandatory  
Provisions

(I) making a pro rata general offer of repurchase to all its shareholders;

Article 24 of  
Guidelines

(II) repurchasing shares through public trading on a stock exchange;

on Articles  
of

(III) repurchasing through an off-market agreement;

Association

(IV) other ways provided by the laws and administrative regulations and approved by the securities regulatory authority of the State Council.

- Article 4.5 Where the Company is to repurchase shares through off-market agreement, prior approval shall be obtained from shareholders at general meeting in accordance with the Articles. With prior approval by shareholders at general meeting obtained in the same manner, the Company may rescind or amend contracts concluded in the manner set forth above or waive any of its rights under such contracts. [Article 26 of Mandatory Provisions](#)
- The agreement to repurchase shares as referred to in the preceding paragraph included (but not limited to) an agreement undertaking the obligations to repurchase and acquire of the right of the repurchase shares.
- The Company shall not assign an agreement for the repurchase of its own shares or any of its rights thereunder.
- Article 4.6 As regards redeemable shares, where the Company has the right to repurchase, the price of the repurchase not made through the market or by tender shall be limited to a maximum price; and if repurchase is made by tender, the tender shall be available to all shareholders on equal terms. [Paragraph s 8\(1\), 8\(2\) of Appendix 3 to the Main Board Listing Rules](#)
- Article 4.7 For the shares repurchased by the Company in accordance with above regulations, they shall be cancelled within ten days from the date of acquisition (in the case of sub-paragraph (I) of Article 4.3); or shall be transferred or cancelled within six months (in the case of sub-paragraphs (II) and (IV) of Article 4.3). [Article 27 of Mandatory Provisions](#)  
[Article 25 of Guidelines on Articles of Association Article 142 \(II\) \(III\) of Company Law](#)
- Shares of the Company acquired by the Company in line with sub-paragraph (III) of Article 4.3 shall not exceed 5% of the total shares issued by the Company; the funds used for the said acquisition shall be paid out from the after-tax profit of the Company; and the acquired shares shall be transferred to the employees of the Company within one year thereafter.
- Upon repurchase of shares in accordance with laws, the Company shall cancel such shares within the period prescribed by the laws and administrative regulations and shall register the change of the registered capital with the original company registration authority. The aggregate par value of the cancelled shares shall be deducted from the Company's registered share capital.
- Article 4.8 Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its issued shares: [Article 28 of Mandatory Provisions](#)

- (I) where the Company repurchases shares at par value, payment shall be made out of the book surplus distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose;
- (II) where the Company repurchases shares at a premium to the par value, payment up to the par value may be made out of the book surplus distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose. Payment of the portion in excess of the par value shall be made as follows:
  - (1) if the shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;
  - (2) if the shares being repurchased were issued at a premium to the par value, payment shall be made out of the book surplus distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose, provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate amount of premiums received by the Company on the issue of the shares repurchased nor shall it exceed the book value of the Company's premium account (or capital reserve account) (including the premiums from the new issue) at the time of the repurchase;
- (III) the Company shall make the following payments out of the Company's distributable profits:
  - (1) payment for the acquisition of the right to repurchase its own shares;
  - (2) payment for variation of any contract for the repurchase of its shares;
  - (3) payment for the release of its obligation(s) under any contract for the repurchase of shares.
- (IV) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value of shares which have been repurchased shall be included into the Company's premium account (or capital reserve account).



## Chapter 5: Financial Assistance for Purchase of Shares

Article 5.1 The Company or its subsidiaries shall not, at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares of the Company. The said person buying shares of the Company includes a person who directly or indirectly incurs any obligations due to the acquisition of shares of the Company.

Article 29 of  
Mandatory  
Provisions  
Article 20 of  
Guidelines on  
Articles of  
Association

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

This provision does not apply to the circumstances as stated in Article 5.3 of the Articles of Association.

Article 5.2 The financial assistance as referred to in this Chapter includes, but not limited to, the following:

Article 30 of  
Mandatory  
Provisions

- (I) gift;
- (II) guarantee (including acts of the guarantor assuming liabilities or providing assets to secure that the obligor to perform the obligations), compensation (excluding compensation arising from the Company's own fault), release or waiver of rights;
- (III) provision of loan or signing of contracts whereby the Company shall fulfill its obligations before others, change of the parties to the loans/contracts as well as the assignment of the rights in the loans/contracts;
- (IV) financial assistance provided by the Company in any other manners when it is insolvent, has no net assets, or will suffer significant decreases in net assets.

The expression "assuming obligations" as referred to in this Chapter includes the incurring of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not, and irrespective of whether such obligations are to be borne by the obligor solely or jointly with other persons), or by any other means which results in a change in the obligor's financial position.

Article 5.3 The following activities shall not be deemed to be activities as prohibited in Article 5.1 of the Articles of Association: Article 31 of  
Mandatory  
Provisions

- (I) where the financial assistance given by the Company is genuinely for the good of the Company and the purchase of the Company's shares is not the main purpose of the financial assistance, or the financial assistance provided is an incidental part of a general plan of the Company;
- (II) where the Company distributes its property as dividends pursuant to the law;
- (III) where the Company distributes dividends in the form of shares;
- (IV) where the Company reduces the registered capital, repurchases shares or adjusts the share capital structure in accordance with the Articles of Association;
- (V) where the Company provides loans for its normal business activities within its scope of business (provided that this shall not result in a reduction in the Company's net assets, or even if there is such a reduction, the financial assistance is paid out of the Company's distributable profits); or
- (VI) where the Company provides funds for its employee share ownership schemes (provided that this shall not result in a reduction of the Company's net assets, or even if there is such a reduction, the financial assistance is paid out of the Company's distributable profits).

## **Chapter 6: Share Certificates and Register of Shareholders**

Article 6.1 Share certificates of the Company shall be in registered form. Article 32 of  
Mandatory  
Provisions

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

Article 6.2 The share certificates shall be signed by the chairman of the board of directors. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management officers, the share certificates shall also be signed by such senior management officers. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal or seal in printed form of the Company. The share certificates shall only be affixed, or affixed by way of printing, with the Company's seal under the authorization of the board of directors. The signatures of the Company's chairman of the board of directors or other relevant senior management officers on the share certificates may also be in printed form.

Article 33 of Mandatory Provisions Paragraph 2(1) of Appendix 3 to the Main Board Listing Rules  
Article 1 of Zheng Jian Hai Han

For dematerialized issuance and trading adopted by the Company, other requirements of the securities regulatory authorities and stock exchanges of the place where the Company's shares are listed shall prevail.

Article 6.3 The Company shall have a register of shareholders, in which the following particulars shall be registered:

Article 34 of Mandatory Provisions Article 30 of Guidelines on Articles of Association

- (I) the name, address (residence), occupation or nature of each shareholder;
- (II) the class and number of shares held by each shareholder;
- (III) the amount paid-up or payable in respect of shares held by each shareholder;
- (IV) the serial numbers of the shares held by each shareholder;
- (V) the date on which a person registers as a shareholder;
- (VI) the date on which a person ceases to be a shareholder.

The register of shareholders shall be the sufficient evidence for the shareholders' shareholdings in the Company, except in cases with evidence to the contrary.

Article 6.4 The Company may, in accordance with the understanding and agreements made between the securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain its register of holders of overseas-listed invested foreign shares outside China and appoint overseas agent(s) to manage such register. The original copy of register of holders of overseas-listed foreign invested shares listed in Hong Kong shall be maintained in Hong Kong.

Article 35 of Mandatory Provisions Article 2 of Zheng Jian Hai Han Section 1 (b) Appendix 13D to the Main Board Listing Rules

The Company shall maintain a duplicate of the register of holders of overseas-listed foreign invested shares at the Company's corporate domicile. The appointed overseas agent(s) shall ensure the consistency between the original version and the duplicate register of holders of overseas-listed foreign invested shares at all times. If there is any inconsistency between the original version and the duplicate register of holders of overseas-listed foreign invested shares, the original version shall prevail.

Article 6.5 The Company shall maintain a complete register of shareholders.

Article 36 of Mandatory Provisions

The register of shareholders shall include the following parts:

- (I) the register of shareholders maintained at the Company's corporate domicile (other than those registers of shareholders as described in sub-paragraphs (II) and (III) of this Article);
- (II) the register of shareholders in respect of the holders of overseas-listed foreign invested shares of the Company maintained at the place where the overseas stock exchange on which the shares are listed is located;
- (III) the register of shareholders maintained at such other place as the board of directors may consider necessary for the purpose of listing of the Company's shares.

Article 6.6 Various parts of the register of shareholders shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders.

Article 37 of Mandatory Provisions

Alteration or rectification of each part of the register of shareholders shall be made in accordance with the laws of the place where that part of the register of shareholders is maintained.

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

Article 6.7 All fully paid-up overseas-listed foreign invested shares which are listed in Hong Kong are freely transferable pursuant to the Articles of Association. However, the board of directors may refuse to recognize any instrument of transfer without giving any reason, unless:

- (I) the instrument of transfer and other documents relating to or affecting the ownership of any shares have been registered, and a fee (for each instrument of transfer) of HK\$2.50 or such higher fee as may be determined by the board of directors for the registration has been paid to the Company, provided that such fee shall not exceed the maximum fee as prescribed from time to time by HK Stock Exchange in the Listing Rules;
- (II) the instrument of transfer involves only the overseas-listed foreign invested shares listed in Hong Kong;
- (III) the stamp duty payable on the instrument of transfer has been paid;
- (IV) the relevant share certificates and evidence reasonably required by the board of directors showing that the transferor has the right to transfer such shares have been provided;
- (V) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed four;
- (VI) the Company does not have any lien over the relevant shares.

Article 12 of  
Zheng Jian Hai  
Han  
Paragraph 1(1)  
of Appendix  
3 to the Main  
Board Listing  
Rules

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

If the Company refuses to register any transfer of shares, it shall provide the transferor and the transferee of the shares with a notification of refusal in relation to the registration of the transfer of shares within 2 months from the date of application for registration.

Any holder of foreign shares may transfer all or part of the shares of the Company it holds by way of a written transfer instrument as usually used in the place where the foreign shares are listed or by way of a signed transfer instrument or a transfer instrument with printed signature. The aforesaid transfer may adopt the standard transfer form specified by the HK Stock Exchange. The transfer instrument shall be signed under the hand of or with printed form of signature of the transferor and the transferee.

All instruments of transfer shall be maintained at the legal address of the Company, share registrar or such other places as the board of

directors may specify from time to time.

- Article 6.8 No share transfer may be entered in the register of shareholders within 30 days prior to the date of a shareholders' general meeting or within 5 days before the record date set by the Company for the purpose of distribution of dividends. [Article 38 of Mandatory Provisions](#)
- Article 6.9 Where the Company convenes a shareholders' general meeting, distributes dividends, liquidates the Company or carries out other activities which would require the determination of the right attached to the shares, the board of directors shall fix a date for determination of such rights. Upon the close of determination date, the shareholders who appear on the register of shareholders shall be deemed as the shareholders of the Company. [Article 39 of Mandatory Provisions](#)  
[Article 31 of Guidelines on Articles of Association](#)
- Article 6.10 Any person who objects to the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register. [Article 40 of Mandatory Provisions](#)
- Article 6.11 Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may, if his share certificates (the "Original Certificates") is lost, apply to the Company for a replacement share certificate in respect of such shares (the "Relevant Shares"). If a holder of the domestic shares loses his share certificates and applies for their replacement of the share certificate, it shall be dealt with in accordance with Article 143 of the Company Law. [Article 41 of Mandatory Provisions](#)  
[Article 143 of Company Law](#)

If a holder of overseas-listed foreign invested shares loses his share certificates and applies for the replacement, it may be dealt with in accordance with the relevant laws, the rules of the stock exchange and other relevant regulations of the place where the original register of holders of overseas-listed foreign invested shares is maintained. If a holder of H shares loses his share certificates and applies for their replacement, the issue of replacement certificates to that holder shall comply with the following requirements:

- (I) the applicant shall submit an application to the Company in prescribed form accompanied by a notarial certificate or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificate as well as a statement declaring that no other person

shall be entitled to request to be registered as a shareholder in respect of the Relevant Shares.

- (II) the Company does not receive any claim from any person other than the applicant requesting to be registered as the shareholder of such shares before the Company decides to issue the replacement share certificates.
  - (III) the Company shall, if it decides to issue a replacement share certificate to the applicant, publish an announcement of its intention to issue the replacement share certificate in such newspapers designated by the board of directors. The announcement shall be made at least once every 30 days in a period of 90 days.
  - (IV) the Company shall, prior to the publication of the announcement of its intention to issue a replacement share certificate, deliver 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 at the premises of the stock exchange for a period of 90 days.
- In case an application to issue a replacement share certificate is made without the consent of the registered holder of the Relevant Shares, the Company shall send by post to such registered shareholder a copy of the announcement to be published.
- (V) if, upon expiration of the 90-day period referred to in sub-paragraphs (III) and (IV) of this Article, the Company has not received from any person any objection to the issuance of replacement share certificate, the Company may issue a replacement share certificate to the applicant according to his application.
  - (VI) when issuing replacement share certificates in accordance with the provisions of this Article, the Company shall cancel the Original Certificate forthwith, and record the cancellation and replacement issuance in the register of shareholders.
  - (VII) all costs incurred by the Company in connection with the cancellation of the Original Certificate and issuance of

replacement share certificates shall be borne by the applicant. Unless the applicant provides reasonable security, the Company shall be entitled to refuse to take any action.

Article 6.12 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 where he is a bona fide purchaser) shall not be removed from the register of shareholders. [Article 42 of Mandatory Provisions](#)

Article 6.13 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the Original Certificate or the issuance of the replacement certificate, unless the claimant proves that the Company has acted fraudulently. [Article 43 of Mandatory Provisions](#)

## **Chapter 7: Shareholders' Rights and Obligations**

Article 7.1 A shareholder of the Company is a person who lawfully holds shares in the Company and whose name is entered in the register of shareholders. [Article 44 of Mandatory Provisions](#)

Shareholders shall enjoy rights and undertake obligations in accordance with the class and the number of shares held by them. Holders of the same class of shares shall enjoy the same rights and undertake the same obligations. [Article 30 of Guidelines on Articles of Association](#)

Each of the class shareholders of the Company shall have equal rights in any distribution in the form of a dividend or any other forms. [Paragraph 9 of Appendix 3 to the Main Board Listing Rules](#)

A shareholder of legal person shall appoint its legal representative or an proxy authorized by the legal representative to exert its rights on its behalf.

The Company shall not exercise any of its rights to freeze or otherwise impair any of the rights attaching to any shares of the Company by reason that person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company. [Paragraph 12 of Appendix 3 to the Main Board Listing Rules](#)

Article 7.2 Where two or more than two persons are registered as joint holders of any shares, they should be deemed as joint owners of such shares but shall be subject to the following restrictions: [Paragraph 1 \(3\) of Appendix 3 to the Main Board Listing Rules](#)



- (I) the Company may not register more than four persons as joint holders of any shares;
- (II) all joint holders of any shares are jointly and severally assume obligation for all amounts payable for relevant shares;
- (III) if one of the joint holders dies, only the surviving joint holder(s) shall be deemed by the Company to be such person(s) as having the ownership of the relevant shares. The board of directors shall have the right, for the purpose of making amendments to the register of shareholders, to demand a death certificate of the relevant shareholder where it deems appropriate to do so;
- (IV) for joint shareholders of any shares, only the joint shareholder whose name appears first in the register of shareholders has the right to receive the share certificate of the relevant shares from the Company, to receive notices of the Company, to attend the shareholders' general meeting convened by the Company or to exercise all the voting rights attached to the relevant shares; and any notice served on such shareholder shall be treated as having been served on all joint shareholders of the relevant shares.

Article 7.3 Holders of ordinary shares of the Company shall have the following rights:

- (I) the right to receive dividends and other distributions in proportion to the number of shares held;
- (II) the right to attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting right and the right to speak thereat;
- (III) the right to supervise and manage the Company's business operations, and to put forward proposals or raise inquiries;
- (IV) the right to transfer shares in accordance with the laws, administrative regulations and provisions of the Articles of Association;
- (V) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
  1. a copy of the Articles of Association upon payment of the costs thereof;

Article 45 of Mandatory Provisions Article 32 of Guidelines on Articles of Association Article 97 of Company Law

Rule 19A.50 of Listing Rules

2. the right to inspect and copy, subject to payment of reasonable charge:
  - (1) all parts of the register of shareholders;
  - (2) personal particulars of directors, supervisors, general manager, deputy general managers and other senior management officers of the Company, including:
    - (A) present and former name and alias;
    - (B) principal address (place of residence);
    - (C) nationality;
    - (D) full-time positions and all other part-time occupations and duties;
    - (E) identification documents and the numbers thereof;
  - (3) reports on the state of issued share capital of the Company;
  - (4) the latest audited financial statements of the Company, and the reports of the board of directors, auditors and board of supervisors;
  - (5) special resolutions of the shareholders' general meeting of the Company;
  - (6) reports stating the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;
  - (7) copy of the latest annual examination report filed with the Administration for Industry and Commerce or other competent authorities of the PRC;
  - (8) minutes of shareholders' general meetings, resolutions of the meetings of board of directors and the board of supervisors; and

(9) counterfoils of the debentures of the Company.

(VI) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the surplus assets of the Company according to the number of shares held;

(VII) other rights conferred by laws, administrative regulations and the Articles of Association.

Article 7.4 Holders of ordinary shares of the Company shall assume the following obligations:

(I) to abide by the laws, administrative regulations and the Articles of Association ;

(II) to pay subscription monies according to the number of shares subscribed for and the method of subscription;

(III) not to divest the shares other than as provided by the laws and regulations;

(IV) not to abuse their rights as shareholders to prejudice the interests of the Company or other shareholders; not to abuse the independence of the Company as a legal person and the limited liabilities of shareholders to prejudice the interests of creditors of the Company;

Shareholders of the Company who abuse their rights as shareholders and thereby cause losses to the Company or other shareholders shall be liable for indemnity according to the laws;

Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liabilities of shareholders for the purposes of avoiding repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be liable to the joint liabilities the Company thereon;

(V) other obligations imposed by laws, administrative regulations and the Articles of Association.

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

Article 46 of  
Mandatory  
Provisions  
Article 37 of  
Guidelines  
on Articles of  
Association

Article 7.5 In addition to obligations imposed by laws, administrative regulations or required by the stock exchange on which 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:

Article 47 of  
Mandatory  
Provisions

- (I) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (II) to approve the directors or supervisors (for their own benefit or for the benefit of other parties) to deprive the Company of its assets in any manner, including (but not limited to) any opportunities favorable to the Company;
- (III) to approve the directors or supervisors (for their own benefit or for the benefit of other parties) to deprive another shareholder of his personal rights, including (but not limited to) any distribution rights, and voting rights, but excluding any corporate restructuring proposals made at the shareholders' general meeting in accordance with the Articles of Association;
- (IV) The controlling shareholder or de facto controller of the Company may not take advantage of his connected relationship to damage the Company's interests. If such requirement is contravened, resulting in damage to the Company, he should be responsible to compensate. The controlling shareholder and de facto controller of the Company owes fiduciary duty towards the Company and the public shareholders. The controlling shareholder should exercise his rights as a capital contributor in strict compliance with the laws. The controlling shareholder cannot make use of methods such as the distribution of profits, restructuring of assets, external investment, appropriation of funds, providing loan guarantee, in order to damage the legal interests of the Company and the public shareholders of public shares. He shall not make use of his controlling position to harm to the interests of the Company and public shareholders.

Article 39  
of  
Guidelines  
on  
Articles  
of  
Association

Article 7.6 For the purpose of the preceding Article, a controlling shareholder means a person who satisfies any one of the following conditions:

Article 48 of  
Mandatory  
Provisions

- (I) any person(s) acting on his own or in concert with other parties has the power to elect not less than half of the directors;

- (II) any person(s) acting on his own or in concert with other parties has the power to exercise or control the exercise of 30% or more of the voting rights of the Company;
- (III) any person(s) acting on his own or in concert with other parties holds 30% or more of the outstanding shares of the Company;
- (IV) any person(s) acting on his own or in concert with other parties has actual control over the Company in any other manner.

## **Chapter 8: Shareholders' General Meetings**

Article 8.1	The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with the laws.	<u>Article 49 of Mandatory Provisions Article 50 of Mandatory Provisions Article 40 of Guidelines on Articles of Association</u>
Article 8.2	The shareholders' general meeting shall have the following functions and powers:	
	(I) to decide the Company's operational guidelines and investment schemes;	
	(II) to elect and remove directors and to determine matters relating to the directors' remunerations;	<u>Article 102 of Company Law</u>
	(III) to elect and remove supervisors being shareholder representatives and to determine matters relating to the supervisors' remunerations;	
	(IV) to consider and approve the reports of the board of directors;	
	(V) to consider and approve the reports of the board of supervisors;	
	(VI) to consider and approve the Company's annual financial budgets and final accounts;	
	(VII) to consider and approve the Company's profit distribution plan and plan for making up for losses;	
	(VIII) to resolve the increase or reduction in the Company's registered capital;	

- (IX) to resolve merger, division, dissolution and liquidation of the Company;
- (X) to resolve on the issuance of debentures of the Company;
- (XI) to resolve on the appointment, dismissal or non-reappointment and the remuneration of the accounting firms;
- (XII) to amend the Articles of Association;
- (XIII) to consider the motions put forward by shareholder(s) representing 3% or more of the Company's shares with voting rights; and
- (XIV) to resolve any other matters to be resolved thereby as required by the laws, administrative regulations and the Articles of Association.

Article 8.3 Unless in a crisis or under other special circumstances, the Company shall not, without the prior approval of shareholders' general meeting, enter into any contract with any party (other than the directors, supervisors, general manager, deputy general managers and other senior management officers) pursuant to which such party shall be in charge of the management of the whole or any substantial part of the Company's business.

Article 51 of  
Mandatory  
Provisions  
Article 81 of  
Guidelines on  
Articles of  
Association

Article 8.4 General meetings shall either be annual general meetings or extraordinary general meetings. The shareholders' general meetings shall be convened by the board of directors.

Article 52 of  
Mandatory  
Provisions  
Article 42 of  
Guidelines on  
Articles of  
Association

Annual general meetings are held once every accounting year and within 6 months from the close of the preceding financial year.

The board of directors shall convene an extraordinary general meeting within two months of the occurrence of any one of the following circumstances:

Article 43 of  
Guidelines on  
Articles of  
Association

- (I) where the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Articles of Association;
- (II) when the unrecovered losses of the Company amount to one-third of the total amount of its share capital;

Article 100  
of  
Company  
Law

- (III) where requested by any shareholder holding severally or jointly 10% or more of the shares of the Company;
- (IV) when deemed necessary by the board of directors;
- (V) when requested by the board of supervisors;
- (VI) other circumstances set out in the laws, administrative regulations, departmental rules, relevant provision of the securities regulatory authority in the place where the Company's shares are listed or the Articles of Association.

Article 8.5 The independent directors shall be entitled to propose the convention of an extraordinary general meeting to the board of directors. With regard to the proposal by the independent directors on convention of an extraordinary general meeting, the board of directors shall, in accordance with the provisions of the laws, administrative regulations and the Articles of Association, make feedback in written form concerning approval or disapproval of the convention within 10 days after its receipt of the request.

Article 46 of Guidelines on Articles of Association

Article 6 of Regulatory Opinions

Where the board of directors approves the convention of the extraordinary general meeting, it shall distribute the notice thereof within 5 days after the decision has been made by the board of directors; where the board of directors disapproves the convention of the extraordinary general meeting, it shall explain and announce the reasons .

Article 8.6 The board of supervisors shall be entitled to propose in writing the convention of an extraordinary general meeting to the board of directors. The board of directors shall, in accordance with the laws, administrative regulations and the Articles of Association, respond in writing concerning approval or disapproval of the convention within 10 days after its receipt of the proposal.

Article 47 of Guidelines on Articles of Association

Where the board of directors approves the convention of the extraordinary general meeting, it shall issue the notice thereof within 5 days after the decision has been made by the board of directors. where any alteration to the original proposal(s) shall obtain the approval from the board of supervisors.

Where the board of directors disapproves the convention of the extraordinary general meeting or fails to respond within 10 days upon the receipt of the proposal, the board of directors shall be deemed to be

unable or fail to perform its duties on convention of the shareholders' general meeting, and the board of supervisors shall convene and chair the meeting.

Article 8.7 Shareholder(s) singly or jointly holding share capital of the Company carrying 10% or more of the voting rights on a one share, one vote basis shall have the right to request in writing the board of directors to convene an extraordinary general meeting. The board of directors shall, in accordance with the relevant provisions of the laws, administrative regulations and the Articles of Association, respond in writing concerning the approval or disapproval of the convention of the extraordinary general meeting within 10 days upon its receipt of the request.

Article 48 of Guidelines on Articles of Association

Where the board of directors approves the convention of extraordinary general meeting, it shall issue the notice thereof within 5 days after the decision has been made by the board of director. where the alteration to the original request shall obtain the approval from the relevant shareholder(s).

Where the board of directors disapproves the convention of extraordinary general meeting or fails to respond in writing within 10 days after its receipt of the request, such shareholders singly or jointly holding 10% or more of the shares of the Company have the right to propose in written form the convention of extraordinary general meeting to the board of supervisors.

Where the board of supervisors approves the convention of extraordinary general meeting, it shall, within 5 days after its receipt of the proposal, issue a notice of the shareholders' general meeting. where the alteration to the original proposal shall obtain the approval from the relevant shareholder(s).

Where the board of supervisors fails to issue the notice of shareholders' general meeting within the required time limit, it shall be deemed to fail to convene and chair the shareholders' general meeting, such shareholder(s) singly or jointly holding 10% or more of the shares of the Company for 90 consecutive days shall have the right to convene and chair the meeting.

Article 8.8 A 45-days written notice for convening the shareholders' general meeting shall be served on the shareholders whose names appear in the register of shareholders with the matters proposed to be considered and the date and place of the meeting. Shareholders who intend to attend

Article 53 of Mandatory Provisions Paragraph 7(2) of Appendix 3 to the Main Board Listing Rules



the meeting shall send the written reply slip to the Company 20 days prior to the date of the meeting.

Article 8.9 When the Company convenes an annual general meeting, shareholders holding 3% or more of the Company's shares with voting rights have the right to put forward new proposal(s) in writing to the Company, and the Company shall include such proposal(s) into the agenda for such general meeting if they are matters falls within the functions and powers of general meeting.

Article 54 of  
Mandatory  
Provisions  
Article 102 of  
Company Law  
Article 53 of  
Guidelines on  
Articles of  
Association

Article 8.10 The Company shall, based on the written replies received 20 days prior to the date of the shareholders' general meeting, calculate the number of shares with voting right represented by the shareholders who intend to attend the meeting. If the number of shares with voting rights represented by the shareholders who intend to attend the meeting reaches one half or more of the Company's total shares with voting rights, the Company may hold the shareholders' general meeting. Otherwise, the Company shall within 5 days notify the shareholders, again by way of a public announcement, of the matters to be considered, and the place and date of the meeting. The Company may then proceed to convene the meeting.

Article 55  
of  
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An extraordinary general meeting shall not transact matters not stated in the notice of meeting.

Article 8.11 Notice of a general meeting shall:

- (I) be in writing;
- (II) specify the place, date and time of the meeting;
- (III) set out the matters to be considered at the meeting;
- (IV) provide shareholders with such information and explanation as necessary for them to make informed decisions on the matters to be considered. This principle includes (but is not limited to), where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganize the share capital, or to restructure the Company in any other ways, the terms of the proposed transaction must be provided in detail together with a copy of the proposed contract (if any), and the cause and effect of such proposal shall be properly described;

Article 56 of  
Mandatory  
Provisions  
Article 55 of  
Guidelines on  
Articles of  
Association

- (V) disclose the nature and extent of the material conflict of interest, if any, of any director, supervisor, general manager, deputy general manager and other senior management officer in the matters to be considered; and provide an explanation of the differences, if any, between the way in which the matter to be considered would affect such director, supervisor, general manager, deputy general manager and other senior management officer in his/her capacity as a shareholder and the way in which such matter would affect other shareholders of the same class;
- (VI) set out the full text of any special resolution proposed to be passed at the meeting;
- (VII) contain an express statement that a shareholder entitled to attend and vote shall have the right to appoint one or more proxies to attend and vote on his behalf and that such proxy need not be a shareholder;
- (VIII) specify the time and place for lodging proxy forms for the relevant meeting;
- (IX) set out the record date for shareholders who are entitled to attend the shareholders' general meeting;
- (X) specify the name and telephone number of the contact person fixed for routine activities.

Article 57 of  
Mandatory  
Provisions

Article 8.12 Unless otherwise provided by the relevant laws, regulations and Listing Rules and the Articles of Association, notice of a general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting) by personal delivery or prepaid mail to the addresses of the shareholders as shown in the register of shareholders. For holders of domestic shares, notice of a general meeting can be given by way of public announcement. For holders of overseas-listed foreign invested shares, notice of a general meeting can be served by ways prescribed in relevant rules of the overseas place where the shares are listed.

Paragraph  
7(3) of  
Appendix 3  
to the Main  
Board  
Listing  
Rules

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the competent securities regulatory department of the State Council 45-50 days prior to the meeting. Once the announcement is published, all holders of domestic shares are deemed to have received the notice of the general meeting.

Paragraph  
7(1) of  
Appendix 3  
to the Main  
Board  
Listing Rules

Article 8.13 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 notice shall not invalidate the meeting and the resolutions passed at the meeting.

Article 58 of  
Mandatory  
Provisions

Article 8.14 Any shareholder who is entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his proxies to attend and vote on his behalf. A proxy so appointed shall exercise the following rights pursuant to such authorization:

Article 169 of  
Guidelines on  
Articles of  
Association

(I) such shareholder's right to speak at the meeting;

Article 59 of  
Mandatory  
Provisions

(II) the right to demand a poll alone or jointly with others;

Article 59 of  
Guidelines  
on Articles

(III) the right to vote by a show of hands or on a poll, provided that where more than one proxies are appointed, the proxies may only exercise such voting rights on a poll.

of  
Association

Article 8.15 The instrument appointing a proxy must be made in writing and signed under the hand of the appointer or his attorney duly authorized in writing; where the appointer is a legal person, the instrument shall be made under the seal of legal person or under the hand of its director or attorney duly authorized.

Article 60 of  
Mandatory  
Provisions

Article 8.16 The proxy form shall be deposited at the address of the Company or any other place specified in the notice of the meeting not less than 24 hours prior to the time appointed for the holding of the meeting or 24 hours prior to the time appointed for voting. Where the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization instruments shall be notarized. The notarized power of attorney or other authorization instruments, together with the proxy form, shall be lodged at the address of the Company or such other place as specified in the notice of the meeting.

Article 61 of  
Guidelines on  
Articles of  
Association

Article 61 of  
Mandatory  
Provisions

Article 63 of  
Guidelines on  
Articles of  
Association

Where the appointer is a legal person, its legal representative or other person(s) authorized by the resolutions of the board of directors or other decision-making bodies to act as its representatives may attend the shareholders' general meeting of the Company as a representative of the appointer. A legal person attending any meeting by appointing a representative shall be treated as attending in person.

Where a shareholder is a recognized clearing house as defined by relevant rules formulated in Hong Kong from time to time (hereinafter

referred to as the “Recognized Clearing House”) (or its nominees), it may authorize one or more persons as it thinks fit to act as its representative(s) at any shareholders’ general meeting or any class meeting provided that, if more than one persons are so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. The person(s) so authorized shall be entitled to exercise the same power to speak and to vote on behalf of the Recognized Clearing House (or its nominees) as if such person(s) was an individual shareholder of the Company.

Article 8.17 Any form issued to a shareholder by the board of directors of the Company for appointing a proxy of shareholder shall allow the shareholder to freely instruct the proxy to cast vote in favor of or against each resolution and to give instructions for each matter to be voted at the meeting. Such a form shall contain a statement that the proxy may vote as he thinks fit in the absence of shareholder’s instructions.

[Article 62 of Mandatory Provisions](#)

Article 8.18 Notwithstanding the death or incapacity of the principal, the revocation of the appointment or the power of attorney by which the instrument of appointment is signed, or the transfer of relevant shares prior to voting, a vote by the proxy based on the power of attorney shall remain valid, as long as no written notice in respect of the aforesaid events has been received by the Company prior to the commencement of the relevant meeting.

[Article 63 of Mandatory Provisions](#)

Article 8.19 Resolutions of general meetings are classified as ordinary resolutions and special resolutions.

To adopt an ordinary resolution, not less than one-half of the voting rights represented by the shareholders (including proxies) present at the meeting must be cast in favor of the resolution.

To adopt a special resolution, not less than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be cast in favor of the resolution.

[Article 64 of Mandatory Provisions](#)  
[Article 75 of Guidelines on Articles of Association](#)

Article 8.20 When voting at the general meetings, shareholders (including proxies) exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share entitles the shareholder one voting right upon voting at the shareholders’ general meeting.

[Article 65 of Mandatory Provisions](#)  
[Article 78 of Guidelines on Articles of Association](#)  
[Article 66 of Mandatory Provisions](#)

Article 8.21 A resolution shall be voted by a show of hands unless a poll is demanded before or after a vote is carried out by a show of hands by the following persons:

- (I) by the chairman of the meeting;
- (II) by at least two shareholders entitled to vote in person or proxies with voting rights;
- (III) by one or more shareholders (including proxies) individually or jointly holding 10% or more of shares carrying voting rights at such meeting.

Unless a poll is demanded, a declaration by the chairman that a resolution has been passed on a show of hands and an entry to that effect in the minutes of meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favor of or against such resolution.

The demand for a poll may be withdrawn by the person who demands the same.

Article 8.22 Where the matter demanded to be voted by poll is the election of the chairman or the adjournment of the meeting, a poll shall be held immediately. Poll demanded for any others matters shall be taken at a time decided by the chairman, and the meeting may proceed with the discussion of other matters. The poll result shall still be regarded as a resolution passed at the meeting.

Article 67  
of  
Mandatory  
Provisions

Article 8.23 Where any shareholder is, under the applicable laws and regulations and the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for (or only against) any particular resolution, any votes cast by such shareholder (or their proxies) in contravention of such requirement or restriction shall not be counted.

Paragraph 14 of  
Appendix 3 to  
the Main  
Board Listing  
Rules

On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way.

Article 68  
of  
Mandatory  
Provisions

Article 8.24 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote.

Article 69  
of  
Mandatory  
Provisions

- Article 8.25 The following matters shall be resolved by ordinary resolutions at a general meetings: Article 70 of Mandatory Provisions Article 76 of Guidelines on Articles of Association
- (I) work reports of the board of directors and the board of supervisors;
  - (II) plans formulated by the board of directors for distribution of profits and for making up losses;
  - (III) removal of members of the board of directors and the board of supervisors, and their remuneration and manner of payment thereof;
  - (IV) the Company's annual financial budget, and final accounts, balance sheets, income statements and other financial statements;
  - (V) matters other than those required by the laws, administrative regulations, or the Articles of Association to be approved by special resolution.
- Article 8.26 The following matters shall be resolved by special resolutions at a general meetings: Article 71 of Mandatory Provisions Article 103 of Company Law
- (I) increase or reduction of the Company's share capital and issue of shares of any class, warrants and other similar securities;
  - (II) issuance of debentures of the Company;
  - (III) division, merger, dissolution and liquidation or change of corporate form of the Company;
  - (IV) amendments to the Articles of Association;
  - (V) any other matter approved by an ordinary resolution at a general meeting that may have material impact on the Company and is required to be approved by a special resolution.

- Article 8.27 The following procedures shall be followed by shareholders requesting for convening of extraordinary general meetings or class meetings:
- (I) two or more than two shareholders in aggregate holding not less than 10% of shares with voting right at such proposed meeting may request the board of directors to convene an extraordinary general meeting or a class meeting by signing and submitting one or several written requests in the same form and contents and specifying the agenda of the meeting. An extraordinary general meeting or a class meeting shall be convened by the board of directors as soon as practicable upon receipt of the aforesaid written request(s). The aforesaid amount of shareholding shall be calculated as at the date on which the relevant shareholders submit the written request(s).
- (II) The aforesaid meeting shall be convened in accordance with the procedures provided by Article 8.7 of the Articles of Association.

Article 72  
of  
Mandatory  
Provisions  
Article 48  
of  
Guidelines  
on Articles  
of  
Associatio  
n  
Article  
101 of  
Company  
Law

All reasonable expenses incurred by convening and holding a aforesaid meeting by shareholders due to the failure of the board of directors to hold such meeting in response to the aforesaid request(s) shall be borne by the Company. Such expenses shall be deducted from the amounts due by the Company to the director(s) who have neglected their duties.

- Article 8.28 The general meeting shall be convened by the board of directors, and be chaired by the chairman of the board of directors. If the chairman of the board of directors is unable to attend the meeting for any reason, the board of directors may designate a director of the Company to convene and chair the meeting on his/her behalf. Where no chairman of the meeting is designated, shareholders attending the meeting may elect one person to chair the meeting. If, for any reason, the shareholders are unable to elect a chairman, the meeting shall be chaired by the shareholder present (or the proxy) with the largest number of shares with voting right.

Article 73  
of  
Mandatory  
Provisions

- Article 8.29 The chairman of the meeting shall be responsible for deciding whether a resolution of the general meeting has been passed. The decision thereof shall be final, and be announced at the meeting and recorded in the minutes of the meeting.

Article 74  
of  
Mandatory  
Provisions

- Article 8.30 If the chairman of the meeting has any doubt as to the result of a resolution put to vote at the general meeting, he may have the votes counted. If the chairman of the meeting fails to have the votes counted, any attending shareholder or proxy who objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the result, the chairman of the meeting shall have the votes counted immediately. [Article 75 of Mandatory Provisions Article 90 of Guidelines on Articles of Association](#)
- Article 8.31 If votes are counted at the shareholders' general meeting, the counting result shall be recorded in the minutes of the meeting. [Article 76 of Mandatory Provisions](#)
- The minutes shall be made for the decisions on the matters resolved at the shareholders' general meeting. The chairman and directors attending the meeting shall sign on the minutes. The minutes of the meeting together with the attendance lists of shareholders and proxy forms shall be kept at the address of the Company. [Article 107 of Company Law](#)
- Article 8.32 Copies of the minutes of the meeting shall, during business hours of the Company, be open for inspection by any shareholder free of charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within 7 days upon the receipt of reasonable payment. [Article 77 of Mandatory Provisions Article 33 of Guidelines on Articles of Association](#)

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

- Article 9.1 Shareholders holding different classes of shares are referred to as class shareholders. [Article 78 of Mandatory Provisions](#)
- A holder of class shares shall, in accordance with laws, administrative regulations and the Articles of Association, enjoy rights and assume obligations. [Paragraph 6\(1\) of Appendix 3 to the Main Board Listing Rules](#)
- Where the share capital of the Company includes shares which do not carry voting rights, the wording "non-voting" must appear in the designation of such shares. [Paragraph 10 of Appendix 3 to the Main Board Listing Rules](#)
- Where the share capital of the Company includes shares with different voting rights, the designation of each class of shares (except shares with the most privileged voting rights) shall bear the wording "restricted voting" or "limited voting". [Paragraph 10 of Appendix 3 to the Main Board Listing Rules](#)



Article 9.2	Where the Company intends to change or abrogate the rights of class shareholders, the change or abrogation shall be approved by way of a special resolution at the general meeting, and be approved by class shareholders affected at shareholders' meetings separately convened in accordance with Articles 9.4 to 9.8.	<u>Article 79</u> <u>of</u> <u>Mandatory</u> <u>Provisions</u>
Article 9.3	<p>The following circumstances shall be deemed to be a variation or abrogation of the rights of shareholders of a particular class:</p> <ul style="list-style-type: none"> <li>(I) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting right or right to distribution or other privileges equal or superior to the shares of such class;</li> <li>(II) to effect an exchange of all or part of the shares of such class into those of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into those of such class;</li> <li>(III) to remove or reduce the rights in respect of accrued dividends or the cumulative dividends attached to shares of such class;</li> <li>(IV) to reduce or remove a dividend preference or a liquidation preference attached to shares of such class;</li> <li>(V) to add, remove or reduce conversion, options, voting, transfer or pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;</li> <li>(VI) to remove or reduce rights to receive payables from the Company in a particular currency attached to shares of such class;</li> <li>(VII) to create a new class of shares with voting right, right to distribution or other privileges equal or superior to those of the shares of such class;</li> <li>(VIII) to restrict the transfer of ownership of shares of such class or to impose additional restrictions thereto;</li> <li>(IX) to grant the right to subscribe for, or convert the existing shares into, shares of such class or another class;</li> <li>(X) to increase the rights or privileges of shares of another class;</li> </ul>	<u>Article 80</u> <u>of</u> <u>Mandatory</u> <u>Provisions</u>

(XI) to restructure the Company where the proposed restructuring scheme will result in the holders of different classes of shares bearing a disproportionate burden of obligations of such restructuring;

(XII) to vary or abrogate any provision of this Chapter.

Article 9.4 Shareholders of the affected class, whether or not otherwise entitled to vote at general meetings, shall nevertheless be entitled to vote at class meetings in respect of matters concerning sub-paragraphs (II) to (VIII), (XI) and (XII) of Article 9.3, but interested shareholder(s) shall not be entitled to vote at class meetings. Article 81  
of  
Mandatory  
Provisions

The meaning of “interested shareholder(s)” as mentioned in the preceding paragraph is:

(I) where the Company makes a repurchase offer to all shareholders in proportion to their shareholdings or repurchases its shares through public trading on a stock exchange in accordance with Article 4.4 of the Articles of Association, interested shareholders shall refer to the controlling shareholders within the meaning of Article 7.6 of the Articles of Association;

(II) where the Company repurchases its shares by an off-market agreement without involving a stock exchange in accordance with the provisions in Article 4.4 of the Articles of Association, interested shareholders shall refer to shareholders involved in the agreement; or

(III) in the restructuring plan of the Company, interested shareholders shall refer to shareholders who assumes the lower proportion of obligations than the obligations imposed on other shareholders of the same class or shareholders whose interests are different from those of other shareholders of the same class.

Article 9.5 Resolutions of a class meeting shall be passed by shareholders present at the meeting representing two-thirds or more of the voting rights according to Article 9.4. Article 82  
of  
Mandatory  
Provisions

Article 9.6 In the event that the Company convenes a class meeting, a written notice shall be issued to shareholders whose names appear on the register of shareholders of such class 45 days before the class meeting, specifying the matters proposed to be considered and the date and place of the meeting. The shareholders who intend to attend the meeting shall Article 83  
of  
Mandatory  
Provisions

serve the written reply to the Company 20 days prior to the date of the meeting.

Where the number of shares carrying voting rights to vote at the meeting held by the shareholders intending to attend the meeting reaches half or more of the total number of shares of such class carrying voting rights to vote at the meeting, the Company may hold the class meeting based thereon. If it does not reach that percentage, the Company shall within 5 days notify the shareholders again, by way of public announcement, of the matters to be considered and the place and date of the meeting before it proceeds to hold the class meeting.

Article 9.7 The notice of the meeting of class shareholders only needs to be delivered to shareholders who are entitled to vote at the meeting. Article 84 of Mandatory Provisions

The procedures of meetings of class shareholders shall be the same, to the extent possible, as the procedures for general meetings. Provisions on the procedures for the general meetings in these Articles of Association shall apply to the meetings of class shareholders.

Article 9.8 Apart from holders of other classes of shares, the holders of the domestic shares and overseas-listed foreign invested shares shall be deemed to be shareholders of different classes. Article 85 of Mandatory Provisions

The special voting procedures for class meetings do not apply to the following circumstances: Paragraph 1(f)(i)(ii) of

(I) The Company issues, upon the approval by a special resolution of its shareholders in general meeting, either separately or concurrently once every 12 months, not more than 20% of each of its existing issued domestic shares and overseas-listed foreign invested shares; or Appendix 13D to the Main Board Listing Rules

(II) The Company's plan to issue domestic shares and overseas-listed foreign invested shares at the time of its establishment is implemented within 15 months from the date of approval by the China Securities Regulatory Commission.

(III) The domestic shareholders of the Company may apply for the conversion of their shares into overseas-listed foreign invested shares and the listing of such shares for trading overseas, subject to the approval by securities supervisory authority of the State Council. The circumstances where the shares are applied for

conversion into overseas-listed foreign invested shares and to be listed for trading on an overseas stock exchange.

## Chapter 10: Board of Directors

Article 10.1 The Company shall have a board of directors which is accountable to and report its work to the shareholders' general meeting. The board of directors consists of 7 directors, of which 3 are independent non-executive directors. The board of directors shall have one chairman of the board of directors, but no vice chairman.

Article 86 of Mandatory Provisions

Article 10.2 Directors shall be elected at the shareholders' general meeting to hold office for a term of three years. Upon the expiry of the term of office, a director shall be eligible to be re-elected and reappointed. The chairman shall be elected and removed by more than one half of all directors. The term of office of the chairman is three years, renewable upon re-election.

Article 87 of Mandatory Provisions

Article 111 of Guidelines on Articles of

Association

Written notice specifying the intention to nominate candidates to be directors and the acceptance of nomination by the candidates concerned shall be given to the Company after the notice of the shareholders' general meeting in relation to the election of such director is dispatched and no later than seven days prior to convening of the meeting. Such notice period should not be less than seven days.

4(4)(5) of Appendix 3 to the Main Board Listing Rules

Subject to the requirements of relevant laws and administrative regulations, the shareholders' general meeting may by an ordinary resolution remove any director before the expiration of his term of office (but without prejudice to such director's rights to claim compensation in accordance with any contractual agreements).

Article 4 of Zheng Jian Hai Han

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

A director is not required to hold shares of the Company.

Article 10.3 The term of office of each director shall commence as of his assumption of office until the expiration of the term of office of the current board of directors. Where the directors fail to be promptly re-elected upon the expiration of their term of office, then before the newly elected directors assume office, the original directors shall retain their directorship in accordance with the laws, administrative rules, departmental regulations, and provisions of the Articles of Association.

Article 96 of Guidelines on Articles of Association

In the event that any person is elected as a director to fill a casual vacancy of, or as an additional director to, the board of directors, such newly elected director or any person so appointed shall hold office until the next annual general meeting after the effective date of his election, and shall be eligible for re-election at the meeting.

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

Article 10.4 Directors may resign before expiration of their term of office. Directors who resign shall submit to the board of directors a written report in relation to their resignation. The board of directors shall disclose the relevant situation within 2 days.

Article 100 of Guidelines on Articles of Association

In case that the number of directors falls short of the quorum of the board of directors as a result of a director's resignation, such original director shall continue to perform his duty in accordance with the laws, administrative regulations, department regulations and the Articles of Association before the accession of the newly elected director.

Other than the circumstances set out in the preceding paragraph, the resignation of a director becomes effective upon submission of his resignation report to the board of directors.

Article 10.5 On the effective resignation or termination of the tenure of a director, it shall complete all the handover procedures with the board of directors, and the fiduciary duties owed by such director to the Company and its shareholders do not necessarily cease after the termination of tenure, which shall remain effective within the reasonable period as stipulated in the Articles of Association.

Article 101 of Guidelines on Articles of Association

Article 10.6 Independent directors shall perform their duties in accordance with the relevant provisions set out in the laws, administrative regulations, departmental rules and the related rules of the place where the shares are listed.

Article 104 of Guidelines on Articles of Association

Article 10.7 The board of directors shall report to the shareholders' general meeting and exercise the following functions and powers:

Article 88 of Mandatory Provisions Articles 105 and 107 of Guidelines on Articles of Association

- (I) to convene the shareholders' general meetings and report its work to the shareholders' general meeting;
- (II) to implement the resolutions of the shareholders' general meetings;
- (III) to decide on the Company's business plans and investment plans;

- (IV) to formulate the Company's annual financial budgets and final accounts;
- (V) to formulate the Company's profit distribution plan and plan for recovery of losses;
- (VI) to formulate proposals for increases or reductions of the Company's registered capital and the issuance of debentures of the Company;
- (VII) to formulate proposals for major acquisition, acquisition of the shares of the Company, or merger, division, dissolution and change of corporate form of the Company;
- (VIII) to decide on the establishment of the Company's internal management structure;
- (IX) to appoint or dismiss the Company's general manager or secretary to the board of directors; pursuant to the general manager's nominations to appoint or dismiss senior management officers such as the deputy general managers and financial controller of the Company and determine their remuneration;
- (X) to formulate the Company's basic management system;
- (XI) to formulate proposals for amendments to the Articles of Association;
- (XII) to manage the information disclosure of the Company;
- (XIII) to propose to general meetings for the appointment or replacement of the accounting firm as the auditors of the Company;
- (XIV) to hear the work report of general manager of the Company and to inspect the work of the general manager;
- (XV) to decide on the external investment, acquisition and disposal of assets, pledge of assets, external guarantee, trust asset management and connected transactions of the Company within the authorization of the shareholders' general meeting;
- (XVI) to exercise other functions and powers conferred by the general meetings and the Articles of Association.

Except for the matters specified in sub-paragraphs (VI), (VII) and (XI) which shall be passed by two-thirds or more of the directors, the board's resolutions in respect of any other aforesaid matters may be passed by half or more of the directors.

Article 6  
of  
Regulatory  
Opinions

Resolutions in respect of connected transactions of the Company made by the board of directors shall not come into force unless they are signed by independent (non-executive) directors.

Article 10.8 In the disposal of fixed assets, where the expected value of the fixed assets to be disposed of combined with the value derived from the fixed assets already disposed of in the period of four months immediately preceding the disposal proposal exceed 33% of the value of the Company's fixed assets as shown in the latest balance sheet that has been deliberated considered at the most recent general meeting, the board of directors may not, without the prior approval of the general meeting, dispose of or agree to the disposal of such fixed assets.

Article 89  
of  
Mandatory  
Provisions

For the purposes of this Article, disposal of fixed assets shall include the acts of transferring certain assets-related rights and interests, but excluding the acts of using fixed assets for provision of security.

The validity of the transactions whereby the Company disposes of its fixed assets shall not be affected by a breach of Paragraph 1 of this Article.

Article 10.9 The chairman of the board of directors is entitled to exercise the following functions and powers:

Article 90 of  
Mandatory  
Provisions

(I) to preside over general meetings and to convene and preside over the board meetings;

Article 112 of  
Guidelines  
on Articles of  
Association

(II) to supervise and inspect the implementation of the resolutions of the board of directors;

Article 109 of  
Company Law

(III) to sign the securities issued by the Company;

Article 113  
and 114 of

(IV) to exercise any other powers conferred by the board of directors.

Guidelines on  
Articles of  
Association

If the chairman is unable or fails to perform his duties, a director jointly elected by not less than half of the directors shall perform such duties.

Article 10.10 Regular meetings of the board of directors shall be held at least four times every year and convened by the chairman of the board of directors. Notice of the meetings shall be served on all directors and supervisors at least fourteen days before the date of the regular meeting. Directors' approval shall not be obtained by way of circulation of a written resolution in lieu of a regular board meeting.

In the event of urgent matters, shareholders representing no less than one-tenth of the voting rights, no less than one-third of the directors or the board of supervisors may propose to convene an extraordinary board meeting. Chairman of the board of directors shall convene and preside over the board meeting within ten days following the receipt of the proposal.

Article 10.11 Notice convening a board meeting and an extraordinary board meeting shall be sent through telephone, facsimile or email, etc. The notice of a regular board meeting shall be dispatched 14 days prior to the date of the meeting. The notice of an extraordinary board meeting shall be dispatched 5 days prior to the date of the meeting.

The time and venue of a board meeting can be provided by the board of directors in advance and recorded in the minutes. If such notice of the meeting has been provided to all the directors ten days prior to the date of the next board meeting, there is no need to despatch separate notice for the convening of meeting to the directors.

The agenda of a regular board meeting and related documents of the meeting shall altogether be dispatched to all directors in time and be dispatched at least three days prior to the proposed date of the board meeting or meeting of the committee under the board proposed to be held (or within other agreed time).

Should a director attend a meeting, and does not raise a contention regarding non-receipt of notice of the meeting prior to or at the meeting, such notice shall be deemed having been sent to him.

Article 91 of Mandatory Provisions Section 14 A1.1 and A1.3 of Appendix 14 to the Main Board Listing Rules

Article 110 of Company Law

Article 115 of Guidelines on Articles of Association

Article 92 of Mandatory Provisions

Paragraph A.7.1 of Appendix 14 to the Main Board Listing Rules



Board meetings can be held by way of teleconference meeting or by virtue of similar telecommunication device. In such meetings, so long as the participating directors can clearly hear and communicate with each other, all participating directors are deemed as if they have participated in the meeting in person.

Article 10.12 The board meeting may not be held unless more than half of the directors are present.

Each director has one vote. Except as otherwise provided in the laws, regulations and the Articles of Association, resolutions of the board of directors shall be passed by more than half of all directors.

In the case of an equality of votes, the chairman shall have a casting vote.

Article 10.13 A director shall attend the board meetings in person. If a director is not able to attend the meeting for any reasons, he may appoint in writing other directors to attend the meeting on his behalf. The scope of authorization shall be specified in the power of attorney.

The representative director attending the meeting shall only exercise the rights within the scope of authorization. Should a director neither attend a board meeting nor appoint representative to attend the meeting on his behalf, the said director shall be deemed to have waived his right to vote at the meeting.

Article 10.14 Minutes for the matters considered and the decisions made at the meetings shall be made by the board of directors and the committees under the board, which shall include any doubts raised or objections expressed by the directors. The directors attending the meetings shall sign on the minutes. The draft and the final version of the minutes shall be despatched to all directors within a reasonable period following the end of the board meetings. The draft is available for the directors' comments while the final version is for records. Directors shall be liable for the resolutions of the board of directors. If a resolution of the board of directors violates the laws, administrative regulations or the Articles of Association, thus causes the Company to suffer any material loss, the directors participating in passing the resolution are liable to compensate the Company. However, directors who have proved to have cast a dissenting vote against the motion during the voting and this has been as recorded in the minutes shall be exempted from such liability.

[Article 93 of Mandatory Provisions Article 118 of Guidelines on Articles of Association Article 111 of Company Law](#)

[Article 94 of Mandatory Provisions Article 121 of Guidelines on Articles of Association](#)

[Article 95 of Mandatory Provisions Article 122 of Guidelines on Articles of Association](#)

[Section A.1.5 of Appendix 14 to the Main Board Listing Rules](#)

[Section A.1.4 of Appendix 14 to the Main Board Listing Rules](#)

The duly appointed secretary of meetings shall maintain the minutes of the board of directors and its committees. If any director gives a reasonable notification, the related minutes shall be made public for inspection within any reasonable period.

- Article 10.15 The board of directors may adopt a written resolution in lieu of the convention of the board meeting, but the draft of such resolution shall be delivered to each director by hand, post or facsimile transmission. If the written resolution has been delivered to all directors, the number of directors signing on one or several copies of the draft in the same form and contents to indicate their consent has reached the quorum required for such decision, and these drafts have been delivered to the secretary to the board of directors by the aforesaid means, such resolution shall constitute a resolution of the board of directors without the necessity of convening the board meeting. [Article 120 of Guidelines on Articles of Association](#)
- Article 10.16 Except for the exceptional circumstances permitted by Note 1 of Appendix III to the Listing Rules or other rules, a director shall abstain from voting and is not entitled to vote and exercise the voting right on behalf of other directors on any resolutions of any matters of the board of directors in which he or any of his connected persons (as defined by the Listing Rules of the HK Stock Exchange) has interest. Also, he shall not be counted in the quorum present at the meeting. Such board meeting shall be convened by a majority of the non-connected directors present thereat. Resolutions made at the board meetings shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the board meeting is less than 3, such matters shall be submitted to the shareholders' general meeting for approval. [Paragraph 4\(1\) of Appendix 3 to the Main Board Listing Rules](#) [Article 119 of Guidelines on Articles of Association](#)
- Article 10.17 If a substantial shareholder (as defined in the Listing Rules) or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter shall not be dealt with by way of a written resolution or by a board committee (except an board committee set up for the particular purpose for the matter pursuant to a resolution passed in a board meeting) but a board meeting shall be held to consider the matter. Independent non-executive directors who, and whose connected persons (as defined in the Listing Rules), have no material interest in the transaction shall be present at such board meeting. [Section A.1.7 of Appendix 14 to the Main Board Listing Rules](#)
- Article 10.18 If necessary, the board of directors may establish special committees such as strategic committee, audit committee, nomination committee and remuneration and appraisal committee. Special committees shall

perform their duties based on the authorization of the board of directors and be accountable to the board of directors. The rules of procedure and duties of for each committee shall be formulated by the board of directors. Each committee shall formulate its annual work plan and convene meetings regularly.

Article 10.19 The chairman of each special committee shall be a director of the board and each committee shall consist of no less than three members. The chairman of the audit committee shall be an independent director. The strategic committee, nomination committee and remuneration and appraisal committee shall also consist of independent directors.

## **Chapter 11: Secretary to the Board of Directors**

Article 11.1 The Company shall have a secretary to the board of directors, who shall be a senior management officer of the Company.

Article 11.2 The secretary to the board of directors of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the board of directors. His/her primary duties include:

- (I) ensuring that the Company has complete organizational documents and records;
- (II) ensuring that the Company prepares and submits documents and reports required by relevant authorities pursuant to the law;
- (III) ensuring that the Company's register of shareholders has been maintained properly; ensuring that persons entitled to access to the relevant records and documents are furnished with such records and documents without delay;
- (IV) performing other duties as provided in laws, administrative regulations, departmental rules, and relevant regulations of the securities regulatory authorities where the Company's shares are listed.

Article 11.3 Directors or other senior management officers of the Company may concurrently hold the office of the secretary of the board of directors. An accountant of the accounting firm engaged by the Company may not concurrently hold the office of the secretary of the board of directors.

Article 96 of  
Mandatory  
Provisions  
Article 123 of  
Company Law  
Article 97 of  
Mandatory  
Provisions

Article 98  
of  
Mandatory  
Provisions

If the office of the secretary of the board of directors is concurrently held by a director, and a certain act is required to be done by the directors and the secretary of the board of directors separately, the person who serves as both a director and the secretary of the board of directors may not perform the act in a dual capacity.

## **Chapter 12: General Manager and Deputy General Managers of the Company**

		<u>Article 99 of Mandatory Provisions</u>
Article 12.1	The Company shall have one general manager and certain number of deputy general managers, who shall be appointed or dismissed by the board of directors. The deputy general managers shall assist the general manager in his work.	<u>Article 124 of Guidelines on Articles of Association</u>
Article 12.2	General manager of the Company shall report to the board of directors and exercise the following functions and powers:	<u>Article 100 of Mandatory Provisions</u>
	(I) to preside over the production, operation and management of the Company, arrange for the implementation of resolutions of the board of directors;	<u>Article 128 of Guidelines on Articles of Association</u>
	(II) to arrange for the implementation of the Company's annual business and investment plans;	
	(III) to formulate plans for the establishment of the Company's internal management structure;	
	(IV) to formulate the basic administration system of the Company;	
	(V) to formulate basic rules and regulations for the Company;	
	(VI) to propose the appointment and dismissal of deputy general manager and financial controller of the Company;	
	(VII) to appoint or remove the management officers (other than those required to be appointed or removed by the board of directors);	
	(VIII) to exercise other powers conferred by the Articles of Association and the board of directors.	

- Article 12.3 The Company’s manager shall attend board meetings in a non-voting capacity; non-director managers shall not have the right to vote at board meetings. [Article 101 of Mandatory Provisions](#)
- Article 12.4 In the exercise of his powers, the general manager of the Company shall comply with the laws, administrative regulations and the Articles of Association, and fulfill their duties in good faith and diligence. [Article 102 of Mandatory Provisions](#)

### **Chapter 13: the Board of Supervisors**

- Article 13.1 The Company shall set up a board of supervisors. [Article 103 of Mandatory Provisions](#)
- Article 13.2 The board of supervisors comprises 3 members, one of whom shall act as the chairman of the board of supervisors. The appointment and dismissal of the chairman of the board of supervisors shall be subject to the approval of two-thirds or more of its members by voting. The term of office of supervisors shall be three years, renewable upon re-election and re-appointment. [Article 104 of Mandatory Provisions](#)  
[Section 1\(d\) \(i\) of Appendix 13D to the Main Board Listing Rules](#)  
[Article 5 of Zheng Jian Hai Han](#)
- Article 13.3 Members of the board of supervisors shall comprise 2 shareholder representatives and 1 staff representative. Representatives of shareholders shall be elected and removed by shareholders at general meetings, while representative of staff shall be elected and removed through democratic election by the staff of the Company. [Article 105 of Mandatory Provisions](#)  
[Article 51 of Company Law](#)
- For a supervisor elected by the shareholders’ general meeting or by the staff of the Company to be an additional supervisor or to fill a vacancy, his term of office shall commence on the date of election and until the date on which the term of office of the current board of supervisors expires. [Article 106 of Mandatory Provisions](#)  
[Article 135 of Guidelines on](#)
- Article 13.4 Directors and other senior management officers of the Company shall not concurrently act as supervisors. [Articles of Association](#)
- Article 13.5 The board of supervisors committee shall convene at least two meetings every year, which shall be convened and presided over by the chairman of the board of supervisors. The supervisors may propose convening an extraordinary meeting of the board of supervisors. Should the chairman of the board of supervisors be unable to, or fail to perform his duties, a supervisor elected by half or more of the supervisors shall preside over the meeting. [Article 107 of Mandatory Provisions](#)  
[Article 145 of Guidelines on](#)  
[Articles of Association](#)

The notice of meeting of the board of supervisors shall be dispatched 10 days prior to the date of the meeting.

Article 13.6 The board of supervisors shall be accountable to the shareholders' general meeting and exercise the following functions and powers in accordance with laws:

- (I) to review the Company's financial affairs;
- (II) to monitor any acts of directors, general manager, deputy general managers and other senior management officers of the Company during their performance of duties which violate laws, administrative regulations or the Articles of Association;
- (III) to require directors, general managers or other senior management officers of the Company to rectify their actions that are detrimental to the interests of the Company;
- (IV) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the shareholders' general meetings and, should any queries arise, to authorize, in the name of the Company, a re-examination by the certified public accountants and practicing auditors;
- (V) to propose the convening of an extraordinary general meeting and to convene and preside over the shareholders' general meeting when the board of directors fails to perform such duties as provided in the Company Law;
- (VI) to submit proposals to the shareholders' general meeting;
- (VII) to represent the Company in negotiating with a director and senior management officer or bring legal action against them in accordance with the Article 151 of the Company Law;
- (VIII) to investigate when an unusual operation situation of the Company is discovered. If necessary, it may engage professional institutions such as accounting firms and law firms to assist in the work. Any expenses incurred thereby shall be borne by the Company;
- (IX) to exercise other powers specified in the Articles of Association.

Article 108  
of  
Mandatory  
Provisions  
Article 144  
of  
Guidelines  
on Articles  
of  
Association

Supervisors shall attend the board meetings as non-voting participants.

Article 13.7 The meeting of the board of supervisors may not be held unless two-thirds or more of supervisors are present. Resolutions of the meeting of the board of supervisors shall be passed by two-thirds or more of the members of the board of supervisors.

Each supervisor has one vote. Voting at a meeting of the board of supervisors shall be conducted by poll. A supervisor shall attend the meetings of the board of supervisors in person, or appoint in writing other supervisor to attend the meeting on his behalf if he is not able to attend the meeting for any reasons. The scope of authorization shall be specified in the power of attorney.

The board of supervisors shall prepare minutes for the matters discussed and decisions made in the meeting. The supervisors present at the meetings shall sign on the minutes.

Article 13.8 In order to exercise its powers, the board of supervisors may engage experts such as lawyer, certified public accountants and practicing auditors. The reasonable expenses arising therefrom shall be borne by the Company.

Article 13.9 A supervisor shall carry out his duties honestly and faithfully in accordance with the laws, administrative regulations and the Articles of Association.

Article 109 of Mandatory Provisions Paragraph (d)(ii) of Section 1 of Appendix 13D to the Main Board Listing Rules

Article 147 of Guidelines on Articles of Association

Article 110 of Mandatory Provisions Article 56 of Company Law

Article 111 of Mandatory Provisions

## **Chapter 14: Qualifications and Obligations of Directors, Supervisors, General Manager, Deputy General Manager and Other Senior**

### **Management Officers**

Article 14.1 A person may not serve as a director, supervisor, general manager, deputy general manager or other senior management officer of the Company if any of the following circumstances apply:

- (I) where the person has no or limited capacity for civil conduct;
- (II) a person who has been sentenced for corruption, bribery, infringement of property, misappropriation of property or other

Article 112 of Mandatory Provisions Article 95 of Guidelines on Articles of Association

crimes which disrupt the social economic order, where less than 5 years has elapsed since the sentence was served, or who has been deprived of his political rights due to criminal offense and not more than 5 years have elapsed since the sentence was served;

- (III) a person who is a former director, factory manager or manager of a company or enterprise which has been insolvent and liquidated due to poor operation and management and who was personally liable for the insolvency of such company or enterprise, where no more than 3 years have elapsed since the date of completion of the liquidation of the company or enterprise;
- (IV) a former legal representative of a company or enterprise the business licence of which was revoked due to violation of law and who is personally liable for such revocation, where no more than 3 years have elapsed since the date of the revocation of the business licence;
- (V) a person who has a relatively large amount of debts which have become overdue;
- (VI) a person who is currently under investigation by the judicial authorities for violation of criminal law, and the legal procedures are pending;
- (VII) a person who, according to laws and administrating regulations, shall not act as a leader of an enterprise;
- (VIII) a person other than a natural person;
- (IX) a person who has been convicted for violating provisions of relevant securities regulations by a competent authority, which involves fraudulent or dishonest conduct, and less than 5 years have elapsed since the date of the conviction.

Article 14.2 The validity of an act carried out by a director, manager and other senior management officer on behalf of the Company as against a bona fide third party shall not be affected by any irregularity in his appointment, election or qualification.

Article 113  
of  
Mandatory  
Provisions

Article 14.3 In addition to the obligations imposed by the laws, administrative regulations or the listing rules of the stock exchanges where the Company's shares are listed, each of the Company's directors, supervisors, general manager, deputy general managers and other

Article 114  
of  
Mandatory  
Provisions



senior management officers owes a duty to each shareholder, in the exercise of the functions and powers entrusted to him by the Company:

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

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| Article 14.4 | Each of the Company's directors, supervisors, general manager, deputy general managers and other senior management officer owes the duty that in the exercise of his powers or discharge of his obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.   | <u>Article 115 of Mandatory Provisions Article 98 of Guidelines on Articles of Association</u> |
| Article 14.5 | Each of the Company's directors, supervisors, general manager, deputy general managers and other senior management officers shall exercise his powers or perform his duties in accordance with the fiduciary principle, and shall not put himself in a position where his interest and his duty may conflict. This principle includes (but not limited to) discharging the following obligations: <ul style="list-style-type: none"><li>(I) to act bona fide in the best interests of the Company;</li><li>(II) to exercise powers within his/her functions and powers without overstepping his/her authority;</li><li>(III) to exercise the discretion vested in him and not to allow himself to act under the control of any other party; unless and to the extent permitted by the laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;</li><li>(IV) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;</li></ul> | <u>Article 116 of Mandatory Provisions Article 97 of Guidelines on Articles of Association</u> |

- (V) unless otherwise provided for in the Articles of Association or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) not to use the Company's property in any way for his own benefit, without the informed consent of the shareholders given in a general meeting;
- (VII) not to take advantage of his position to accept bribes or other illegal income, or expropriate the Company's property in any way, including (but not limited to) opportunities which benefit the Company;
- (VIII) not to accept commissions in connection with the Company's transactions, without the informed consent of the shareholders given in a general meeting;
- (IX) to comply with the Articles of Association, to perform his duties faithfully, to protect the Company's interests and not to take advantage of his position and power in the Company for his own interests;
- (X) not to compete with the Company in any way, without the informed consent of the shareholders given in a general meeting;
- (XI) not to misappropriate the Company's funds or to lend such funds to any other person, not to deposit the Company's assets in the accounts in his own name or in the any other name(s), or to use such assets to provide guarantee for the debts of a shareholder of the Company or any other individuals;
- (XII) not to release any confidential information in relation to the Company which he has obtained during his term of office, without the informed consent of the shareholders in a general meeting; nor shall he use such information other than for the Company's benefits, save and except that disclosure of such information to the court or other governmental authorities is permitted if:
  - (1) the laws so require;
  - (2) public interests so warrant;

(3) the interests of the relevant director, supervisor, general manager, deputy general manager and other senior management officers so require.

Article 14.6 Each director, supervisor, general manager, deputy general manager and other senior management officer of the Company shall not direct the following persons or institutions (the “associates”) to do what he is prohibited from doing: [Article 117 of Mandatory Provisions](#)

- (I) the spouse or minor child of the director, supervisor, general manager, deputy general manager and other senior management officer;
- (II) the trustee of the Company’s director, supervisor, general manager, deputy general manager and other senior management officer or any person referred to in sub-paragraph (I) of this Article;
- (III) the partner of the Company’s director, supervisor, general manager, deputy general manager or other senior management officer or any person referred to in sub-paragraphs (I) and (II) of this Article;
- (IV) a company in which the Company’s director, supervisor, general manager, deputy general manager or other senior management officer, whether alone or jointly with the person(s) referred to in sub-paragraphs (I), (II) and (III) of this Article or other directors, supervisors, general manager, deputy general managers and other senior management officers of the Company, has a de facto controlling interest;
- (V) the directors, supervisors, general manager, deputy general managers and other senior management officers of the controlled company referred to in sub-paragraph (IV) of this Article.

Article 14.7 The fiduciary duties of the directors, supervisors, general manager, deputy general managers and other senior management officers of the Company do not necessarily cease upon termination of their tenure. The duty of confidentiality in respect of business secrets of the Company survives the termination of their tenures. Other duties may continue for such period as the principle of fairness may require, depending on the length of time which has elapsed between the occurrence of the event concerned and the termination of tenure, and [Article 118 of Mandatory Provisions](#)

the circumstances and terms under which the relationships between them and the Company have been terminated.

Article 14.8 Except for circumstances prescribed in Article 7.5 of the Articles of Association, a director, supervisor, general manager, deputy general manager and other senior management officer of the Company may be relieved of liability for specific breaches of his duties with the informed consent of shareholders given at a general meeting. [Article 119 of Mandatory Provisions](#)

Article 14.9 Where a director, supervisor, general manager, deputy general manager or other senior management officer of the Company is, 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 of directors as earliest as possible, whether or not such matters are subject to the approval of the board of directors under the normal circumstances. [Article 120 of Mandatory Provisions](#)

A director shall not vote on the resolution of the board of directors in relation to any contracts, arrangements or other proposals in which he or any of his associates is materially interested. In determining the quorum of the meeting, he shall not be counted in the quorum. [Paragraph 4\(1\) of Appendix 3 to the Main Board Listing Rules](#)

Unless the interested director, supervisor, general manager, deputy general manager or other senior management officer of the Company discloses his interests in accordance with the preceding paragraph of this Article and relevant matters are approved by the board of directors at a meeting in which he is not counted in the quorum and abstain from voting, the Company shall have the right to rescind such contract, transaction or arrangement except as against a bona fide party thereto who does not have notice of the breach of duty by the interested director, supervisor, general manager, deputy general manager or other senior management officer.

A director, supervisor, general manager, deputy general manager or other senior management officer of the Company is deemed to be interested in a contract, transaction or arrangement in which his related party or associate(s) is interested.

Article 14.10 Where a director, supervisor, general manager, deputy general manager or other senior management officer of the Company gives to the board of directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or [Article 121 of Mandatory Provisions](#)

arrangements which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding Article of this Chapter to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the entering into of relevant contract, transaction or arrangement is first taken into consideration by the Company.

Article 14.11 The Company shall not in any manner pay taxes for its directors, supervisors, general manager, deputy general manager or other senior management officers.

Article  
122 of  
Mandatory  
Provisions

Article 14.12 The Company may not, directly or indirectly, provide loans or loan guarantees for directors, supervisors, general manager, deputy general managers or other senior management officers of the Company or its parent company. Nor may the Company provide loans or loan guarantees for the associates of the aforementioned personnel.

Article  
123 of  
Mandatory  
Provisions

Provisions of the preceding paragraph shall not apply to the following circumstances:

- (I) the provision by the Company of a loan or a guarantee in connection with a loan to its subsidiaries;
- (II) the provision by the Company of a loan or a guarantee in connection with a loan or any other funds to any of its directors, supervisors, general manager, deputy general managers or other senior management officers for him to settle expenditures 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 meetings;
- (III) if scope of the ordinary business of the Company includes the lending of money or the provision of guarantees, the Company may make a loan or provide a guarantee in connection with a loan to any of the relevant directors, supervisors, general manager, deputy general managers or other senior management officers or their respective associates , provided that the terms of the loan or the loan guarantee are on normal commercial terms.

Article 14.13 Any person who receives funds from a loan which has been made by the Company acting in breach of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds.

Article  
124 of  
Mandatory  
Provisions

- Article 14.14 A loan guarantee which has been provided by the Company acting in breach of the first sub-paragraph of Article 14.12 shall not be enforceable against the Company, save in respect of the following circumstances:
- Article  
125 of  
Mandatory  
Provisions
- (I) the lender was not aware of the relevant circumstances when he provided a loan to the associate of any of the directors, supervisors, general manager, deputy general manager and other senior management officers of the Company or of the Company's parent company;
  - (II) the collateral which has been provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.
- Article 14.15 For the purposes of the foregoing provisions of this Chapter, a guarantee includes an undertaking of responsibilities as a guarantor or providing properties by the guarantor to secure the performance of obligations by the obligor.
- Article  
126 of  
Mandatory  
Provisions
- Article 14.16 Where a director, supervisor, general manager, deputy general manager or other senior management officer of the Company is in violation of his/her obligations towards the Company, in addition to various rights and remedies provided for by relevant laws and administrative regulations, the Company shall be entitled to take the following measures:
- Article  
127 of  
Mandatory  
Provisions
- (I) to demand such director, supervisor, general manager, deputy general manager and other senior management officer to compensate it for losses suffered by the Company as a result of his negligence;
  - (II) to rescind any contract or transaction which has been entered into by the Company with such director, supervisor, general manager, deputy general manager and other senior management officers or with a third party (where such third party knows or should have known that such director, supervisor, general manager, deputy general manager and other senior management officers has breached his duties owed to the Company);
  - (III) to demand such director, supervisor, general manager, deputy general manager and other senior management officers to disgorge the gains he/she earned by breach of the obligations;

- (IV) to recover from the director, supervisor, general manager, deputy general manager or other senior management officer money that should have been received by the Company, including (but not limited to) commissions;
- (V) to demand repayment of interest earned or which may have been earned by such director, supervisor, general manager, deputy general manager and other senior management officers on the monies that should have been paid to the Company.

Article 14.17 The Company shall, with the prior approval of shareholders in a general meeting, enter into a contract in writing with a director or supervisor wherein his emoluments are stipulated. The aforesaid emoluments include:

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Mandatory  
Provisions

- (I) emoluments in respect of his service as director, supervisor or senior management officer of the Company;
- (II) emoluments in respect of his service as director, supervisor or senior management officer of any subsidiary of the Company;
- (III) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;
- (IV) payment for compensation for loss of office, or as consideration for or in connection with his retirement from office.

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

The Company shall stipulate in the contract on remuneration signed between a director or supervisor the Company that, in the event of the Company being acquired, the director or supervisor shall be entitled to the compensation or other payments for loss of office or retirement subject to the prior approval by the general meeting. "In the event of the Company being acquired" above shall mean either of the following situations:

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Mandatory  
Provisions

- (V) where any person makes a takeover offer to all the shareholders;  
or;

(VI) where any person makes a takeover offer for the purpose of making the offer or the controlling shareholder as defined in Article 7.6 of the Articles of Association.

Where a director or supervisor fails to comply herewith, any fund received by him/her shall belong to those who have sold their shares as a result of the above-mentioned offer. The expenses incurred in the pro rata distribution of such funds shall be borne by the director or supervisor, and such expenses may not be deducted from the funds.

Article 14.18 The Company shall enter into a contract in writing with each of the directors, supervisors and senior management officers, and shall at least include the following contents:

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

- (I) Directors, supervisors or senior management officers shall undertake to the Company that they will observe and comply with the Company Law, Special Regulations, the Articles of Association, the Codes on Takeovers and Mergers, the Codes on Share Repurchases and other provisions of the HK Stock Exchange (including the amendments thereto made from time to time) and agree that the Company is entitled to access to the remedial measures as prescribed in the Articles of Association. The contract and their offices shall not be transferred;
- (II) Directors, supervisors or senior management officers shall undertake to the Company (for and on behalf of each shareholder) that they will observe and fulfill their obligations to shareholders stipulated in the Articles of Association; and
- (III) Arbitration clauses as provided in Article 21.1 of the Articles of Association.

## **Chapter 15: Financial and Accounting System and Profit**

### **Distribution**

Article 15.1 The Company shall establish its own financial accounting systems in accordance with the provisions of relevant laws, administrative regulations and the Chinese accounting standards formulated by the competent financial department of the State Council.

Article 130 of Mandatory Provisions Article 149 of Guidelines on Articles of Association

Article 15.2 The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be examined and verified pursuant to the law.

Article 131 of Mandatory Provisions



The Company shall adopt the Gregorian calendar year for its accounting year, i.e. from 1 January to 31 December. The Company shall use Renminbi as its bookkeeping base currency.

- Article 15.3 The board of directors of the Company shall submit to shareholders at each annual general meeting financial reports that are required to be prepared by the Company by relevant laws, administrative regulations and normative documents promulgated by local government or competent departments. [Article 132 of Mandatory Provisions](#)
- Article 15.4 The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of the annual general meeting. Each shareholder of the Company has the right to receive a copy of such financial reports mentioned in this Chapter. [Article 133 of Mandatory Provisions](#)
- The Company shall send by prepaid mail the financial reports, together with the balance sheet (including each document to be attached thereto as prescribed by the laws and administrative regulations of the PRC) and statement of profit and loss or statement of income and expenditure (including the aforesaid report), or summary of the financial report to each holder of overseas-listed foreign invested shares at least 21 days before the annual general meeting at the address recorded in the register of shareholders. To the extent permitted by the Listing Rules, the Company may send to holders of overseas-listed foreign invested shares by electronic mean. [Article 7 of Zheng Jian Hai Han Paragraph 5 of Appendix 3 to the Main Board Listing Rules](#)
- Article 15.5 In addition to the Chinese accounting standards and regulations, financial statements of the Company shall be prepared in accordance with international accounting standards or the accounting standards of the overseas place where shares of the Company are listed. If there is any significant discrepancy between the financial statements prepared respectively in accordance with these two accounting standards, such discrepancy shall be indicated in the notes attached to the financial statements. When distributing the after-tax profits of a given fiscal year, the Company shall take the lower of the two amounts of after-tax profits in the aforesaid two kinds of financial statements. [Article 134 of Mandatory Provisions](#)
- Article 15.6 Interim results or financial information published or disclosed by the Company shall be prepared in accordance with the Chinese accounting standards and regulations as well as international accounting standards or accounting standards of the overseas place where shares of the Company are listed. . [Article 135 of Mandatory Provisions](#)

- Article 15.7 The Company shall publish financial reports twice each fiscal year, i.e. the Company shall publish the interim financial report within sixty days after the end of the first six months of the fiscal year, and the annual financial report shall be published within 120 days after the end of the fiscal year. [Article 136 of Mandatory Provisions Article 137 of Mandatory Provisions Article 171 of Company Law](#)
- Article 15.8 The Company shall not maintain accounts other than those provided by law. The Company’s assets shall not be deposited in an account maintained in the name of any individual. [Article 166 of Company Law Article 152 of Guidelines on Articles of Association](#)
- Article 15.9 In distributing the current year's profit after tax, 10% of the profit shall be allocated into the Company's statutory reserve fund. When the aggregate amount of the statutory reserve fund has reached 50% of the Company's registered capital, further appropriation is not required.
- If the statutory reserve fund of the Company is insufficient to make up the losses of the previous year, the profits of the current year shall be used to make up such losses before allocating to its statutory reserve fund in accordance with the preceding paragraph.
- After allocation of its profits after tax to its statutory reserve fund, the Company may allocate its profits after tax to its discretionary reserve fund upon the shareholders’ approval at general meetings.
- The remaining profit after tax after making up its losses and allocating to its reserve fund may be distributed by the joint stock company to its shareholders in proportion of their shareholdings, unless it is stipulated in the Articles of Association that no profit distribution shall be made in accordance with the proportion of the shareholdings.
- If the shareholders’ meeting, shareholders’ general meeting or the board of directors has, in violation of the preceding paragraph, distributed profits to shareholders before making up losses and allocating to its statutory reserve fund, the shareholders shall return to the Company the profit distributed in violation of regulations. The shares held by the Company are not entitled to any profits distribution.
- Article 15.10 Capital reserve fund includes the following items:
- (I) premium received when shares are issued at a premium to their par value;
  - (II) other income required to be included in the capital reserve fund by the finance regulatory department of the State Council.

<p>Article 15.11 The reserve fund of the Company can be applied to making up for losses of the Company, expansion of the Company’s production and operation or conversion into capital to increase the capital amount of the Company, but the capital reserve fund cannot be applied to making up for losses of the Company. Where the statutory reserve fund is converted into capital, the balance of such reserve fund shall not fall below 25% of the Company’s registered capital prior to such conversion.</p>	<p><u>Article 168 of Company Law</u></p>
<p>Article 15.12 The Company may distribute dividends in the form of:</p> <p>(I) cash;</p> <p>(II) shares.</p>	<p><u>Article 139 of Mandatory Provisions</u></p>
<p>Article 15.13 The Company shall appoint a receiving agent for holders of overseas-listed foreign invested shares. The receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect of the overseas-listed foreign invested shares.</p> <p>The receiving agent appointed by the Company shall satisfy the requirements under the laws of the place where the Company's shares are listed or the rules of relevant stock exchange.</p> <p>The receiving agent entrusted by the Company for holders of overseas-listed foreign invested shares listed in Hong Kong shall be a trust company registered under the Trustee Ordinance of Hong Kong.</p>	<p><u>Article 140 of Mandatory Provisions</u></p> <p><u>Article 8 of Zheng Jian Hai Han</u></p> <p><u>Paragraph (c) of Section 1 of Appendix 13D to the Main Board Listing Rules</u></p>
<p>Article 15.14 The Company has right to send dividend warrants by post and, where the following circumstances occur, to cease sending dividend warrants to any holder of the overseas-listed foreign invested shares by post:</p> <p>(I) such dividend warrants have been left uncashed at least in two consecutive occasions; or</p> <p>(II) such dividend warrants have been returned undelivered to the recipients in the first occasion.</p>	<p><u>Paragraph 3(1) of Appendix 3 to the Main Board Listing Rules</u></p> <p><u>Paragraph 3(2) of Appendix 3 to and Rule 19A.47 of the Main Board Listing Rules</u></p>
<p>Article 15.15 For the dividends unclaimed, the Company is entitled to forfeit upon the expiration of the applicable period, provided that the relevant laws and regulations of the PRC as well as the provisions of the HK Stock Exchange are complied with.</p>	<p><u>Paragraph 3(1) of Appendix 3 to the Main Board Listing Rules</u></p>

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

Article 15.16 The Company has right to sell the shares of untraceable shareholders, provided that the following two requirements are satisfied:

- (I) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed;
- (II) on expiry of the 12 years the Company gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the HK Stock Exchange of such intention.

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

## **Chapter 16: Appointment of Accounting Firms**

Article 16.1 The Company shall engage an independent accounting firm that meets relevant state provisions to audit annual financial reports and verify other financial reports of the Company.

The first accounting firm of the Company may be appointed by the inaugural meeting prior to the first annual general meeting; the term of office of the accounting firm shall expire upon the conclusion of the first annual general meeting.

The board of directors shall exercise the power specified under the preceding paragraph if the inaugural meeting fails to do so.

Article 16.2 The term of office of an accounting firm appointed by the Company shall start from the conclusion of the annual general meeting of the Company at which it was appointed till the conclusion of the next annual general meeting.

Article 16.3 The accounting firm appointed by the Company shall have the following rights:

- (I) the right to review the books, records and vouchers of the Company at any time, the right to require the directors, manager or other senior management officers of the Company to supply relevant information and explanations;

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Mandatory  
Provisions  
Article 158 of  
Guidelines  
on Articles  
of  
Association

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of  
Mandatory  
Provisions

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

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| Article 16.4 | The Company shall provide true and complete accounting evidence, accounting books, financial report and other accounting information to the accounting firm engaged without refusal, withholding or false information.  | <u>Article 170 of Company Law</u>   |
| Article 16.5 | If there is a vacancy in the position of accounting firm of the Company, the board of directors may appoint an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period during which a vacancy arises.   | <u>Article 144 of Mandatory Provisions</u>  |
| Article 16.6 | The shareholders in a general meeting may by ordinary resolution remove an accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the firm and the Company. However, the accounting firm's right to claim for damages which arise from its removal shall not be affected thereby.  | <u>Article 145 of Mandatory Provisions Article 159 of Guidelines on Articles of Association</u>                                     |
| Article 16.7 | The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by an ordinary resolution passed at a general meeting by the shareholders. The remuneration of the accounting firm appointed by the board of directors shall be determined by a meeting of the board of directors.   | <u>Article 146 of Mandatory Provisions Article 161 of Guidelines on Articles of Association Article 147 of Mandatory Provisions</u> |
| Article 16.8 | The Company's appointment, removal and non-reappointment of an accounting firm shall be resolved by the shareholder' general meeting. Such resolution shall be filed with the securities regulatory authority of the State Council.   | <u>Article 147 of Mandatory Provisions</u>  |
| Article 16.9 | Where a resolution at a shareholders' general meeting is passed to appoint an accounting firm other than the incumbent accounting firm to fill a casual vacancy in the office of accounting firm, to reappoint an accounting firm that was appointed by the board of directors to fill a casual vacancy, or to dismiss an accounting firm before the expiration of its term of office, the following provisions shall be satisfied: | <u>Article 9 of Zheng Jian Hai Han</u>  |

- (I) A copy of the appointment or removal proposal shall be sent (before notice of general meeting is given to the shareholders) to the accounting firm proposed to be appointed or proposed to leave its post or the accounting firm which has left its post in the relevant fiscal year. (leaving includes leaving by removal, resignation and retirement)
- (II) If the accounting firm leaving its post makes representations in writing and requests the Company to notify its shareholders of such representations, the Company shall (unless the representations are received too late) take the following measures:
- (1) in any notice of meeting held for making the resolution, state the fact of the representations having been made by the leaving accounting firm;
  - (2) attach a copy of the representations to the notice and send it to the shareholders in the manner stipulated in the Articles of Association.
- (III) If the Company fails to send out the accounting firm's representations in the manner set out in sub-paragraph (II) of this Article, such accounting firm may require that the representations be read out at the shareholders' meeting and it may make further representations.
- (IV) An accounting firm which is leaving its post shall be entitled to attend:
- (1) the shareholders' general meeting at which its term of office would otherwise have expired;
  - (2) the shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal;
  - (3) the shareholders' general meeting which is convened as a result of its resignation,

Paragraph  
(e)(i) of  
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and to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meetings in relation to matters concerning its role as the former accounting firm of the Company.

Article 16.10 If the Company proposes to remove the accounting firm or not to renew the appointment thereof, it should notify the accounting firm in advance, and the latter has the right to state its opinions to the shareholders' general meeting. If the accounting firm resigns, it shall explain to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

Article 148 of  
Mandatory  
Provisions  
Article  
162 of  
Guidelines  
on Articles  
of  
Association

Article 16.11 The accounting firm may resign its office by depositing the written notice of resignation at the address of the Company. The notice shall become effective on the date of such deposit or on such later date as may be stated in the notice. The notice shall contain the following statements:

Paragraph  
(e)(ii) of  
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(I) a statement to the effect that there are no circumstances connected with its resignation which it considers shall be brought to the notice of the shareholders or creditors of the Company; or

Paragraph  
(e)(iii) of  
Section 1 of  
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(II) a statement of any such circumstances that should be explained.

The Company shall, within 14 days after receipt of the written notice referred to in the preceding paragraph, send a copy of the notice to the competent authority. If the notice contains a statement under the sub-paragraph (II) of the preceding Article, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every shareholder who is entitled to receive the Company's financial statements at the address registered in the register of shareholders.

If the accounting firm's notice of resignation contains a statement of any circumstance that should be explained, the accounting firm may request the board of directors to convene an extraordinary general meeting to listen to the explanation on resignation.

Paragraph  
(e)(iv) of  
Section 1 of  
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## **Chapter 17: Insurance**

Article 17.1 The Company shall take out the insurance as required by the applicable insurance laws and regulations of the PRC upon discussion and decision by the board of directors.

Article 17.2 The Company may establish a system of professional liability insurance for the liabilities of its directors, supervisors, general manager and other senior management officers.

## Chapter 18: Merger and Division

Article 18.1 In the event of the merger or division of the Company, a plan shall be proposed by the board of directors and shall be approved in accordance with the procedures stipulated in the Articles of Association. The Company shall then go through the relevant approval process according to the law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request the Company or the shareholders who consent to such plan to purchase their shares at a fair price. The contents of the resolution of merger or division of the Company shall constitute special documents which shall be made available for inspection by the shareholders of the Company. For the holders of overseas-listed foreign invested shares, the aforesaid documents shall be sent to them by post.

Article 149 of Mandatory Provisions

Article 18.2 The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

Article 150 of Mandatory Provisions, Articles 171 and 172 of Guidelines on Articles of Association

In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare a balance sheet and lists of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution on merger and shall publish an announcement in the newspaper within 30 days from the date of such resolution. The creditors may, within thirty days from the receipt of the notice or within forty-five days from the issuance of the announcement if they fail to receive a notice, require the Company to repay their debts or provide corresponding guarantees.

Article 173 of Company Law

Upon the merger, rights in relation to debtors and indebtedness of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

Article 173 of Guidelines on Articles of Association

Article 18.3 Where there is a division of the Company, its assets shall be divided up accordingly.

Article 151 of Mandatory Provisions



In the event of a division, the parties to the division shall enter into a division agreement, and prepare a balance sheet and lists of property. The Company shall notify its creditors within 10 days from the date of the Company's resolution on division and shall publish an announcement in the newspaper within 30 days from the date of such resolution.

Articles 175 and 176 of Company Law Article 175 of Guidelines on Articles of Association

Unless otherwise agreed in writing between the Company and its creditors in relation to the repayment of debts incurred before the division, the companies exist after the division shall assume the indebtedness of the Company which has been incurred before such division in accordance with the agreement reached.

Article 18.4 The Company shall, in accordance with law, apply for change in its registration with the company registration authority where a change in any item in its registration arises as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

Article 152 of Mandatory Provisions Article 177 of Guidelines on Articles of Association

## **Chapter 19: Dissolution and Liquidation**

Article 19.1 In any of the following circumstances, the Company shall be dissolved and liquidated in accordance with the laws:

Article 153 of Mandatory Provisions

- (I) the shareholders' general meeting resolves to dissolve the Company;
- (II) dissolution is necessary due to a merger or division of the Company;
- (III) the business licence is revoked, the Company is ordered to close down or terminate according to the laws;
- (IV) the Company is declared insolvent according to the laws due to its failure to settle liabilities in due;
- (V) the Company has experienced material difficulties in operation and management, and the continuous operation would lead to substantial loss to the benefits of its shareholders and there are no other solutions to resolve the matters, shareholders holding 10%

Articles 180 and 182 of Company Law Article 178 of Guidelines on Articles of Association

or more of the total voting rights of the Company may appeal to the people's court for dissolution of the Company.

Article 19.2 Where the Company is dissolved pursuant to sub-paragraphs (I), (III) and (V) of the preceding Article, a liquidation committee shall be set up within fifteen days for conducting liquidation from the date when cause(s) of dissolution occurs. Members of liquidation committee of joint stock limited company shall be determined by its directors or at the shareholders' general meeting. If the liquidation committee is not set up within the specified period for conducting liquidation, creditors may apply to the people's court for appointment of relevant persons to form a liquidation committee and proceed with the liquidation. The people's court shall accept such application and promptly organize a liquidation committee for carrying out the liquidation. Where the Company is dissolved pursuant to sub-paragraph (IV) of the preceding Article, the relevant competent authorities shall organize the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out the liquidation.

Article 154 of Mandatory Provisions Article 180 of Guidelines on Articles of Association Article 183 of Company Law

Article 19.3 Where the board of directors decides to liquidate the Company for any reason (other than the Company's declaration of its insolvency and liquidation), the board of directors shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation. Upon the passing of the resolution by the shareholders' general meeting for the liquidation of the Company, all functions and powers of the board of directors shall cease.

Article 155 of Mandatory Provisions

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

Article 19.4 The liquidation committee shall notify creditors within 10 days from the date of its establishment and publish announcements in newspapers within 60 days. The creditors may declare their claims to the liquidation committee within thirty days from the date they receive the above notice or within forty-five days from the announcement date if no such notice is received. The creditors shall explain the matters

Article 156 of Mandatory Provisions

Article 185 of Company Law

Article 157 of Mandatory Provisions

Article 181 of Guidelines on Articles of Association

related to their claims and provide supporting materials when declaring their claims. Creditors' rights shall be registered by the liquidation committee. Claims shall be registered by the liquidation committee. During the period of declaration of creditors' rights, the liquidation committee shall not repay any debts to the creditors.

Article 19.5 During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- a) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- b) to notify creditors by sending notice or by making announcement;
- c) to dispose of and liquidate any unfinished businesses of the Company;
- d) to pay outstanding taxes as well as taxes arising in the course of liquidation;
- e) to settle claims and debts;
- f) to dispose of the remaining assets of the Company after the repayment of debts; and
- g) to represent the Company in any civil proceedings.

Article  
184 of  
Company  
Law

Article 19.6 After sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit to the shareholders' general meeting or to the people's court for confirmation.

Article  
158 of  
Mandatory  
Provisions

The assets of the Company shall be applied for repayment in the following order:

- (I) liquidation expenses;
- (II) staff wages;
- (III) social insurance expenses and statutory compensation;
- (IV) payment of outstanding taxes;
- (V) settlement of the Company's debts.

Article 186  
of Company  
Law  
Article 183  
of  
Guidelines  
on Articles  
of  
Association

The remaining assets of the Company after repayment of its debts in accordance with the preceding provision shall be distributed to the shareholders of the Company according to the class of shares held by them and in proportion to their respective shareholdings.

During the liquidation period, the Company is still in existence but shall not commence any business activities not related to the liquidation. No assets of the Company may be distributed to the shareholders before making repayments stipulated in the preceding paragraphs.

Article 19.7 If after sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall apply to the people's court for a declaration of insolvency in accordance with the laws.

Article 159 of  
Mandatory  
Provisions  
Article 184 of  
Guidelines  
on Articles  
of  
Association

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

Article 19.8 Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of the income and expenses during the liquidation period and financial accounts, which shall be verified by the PRC certified public accountants and then submitted to the shareholders' general meeting or the people's court for confirmation. The liquidation committee shall, within 30 days after such confirmation given by a shareholders' general meeting or the people's court, submit the documents referred to in the preceding paragraph to the company registration authority and apply for cancellation of registration of the Company, and publish a publish announcement relating to the termination of the Company.

Article 160  
of  
Mandatory  
Provisions  
Article 185  
of  
Guidelines  
on Articles  
of  
Association

## **Chapter 20: Procedures for Amendments to the Articles of Association**

Article 20.1 The Company may amend the Articles according to the provisions of laws, administrative regulations and the Articles of Association.

Article 161  
of  
Mandatory  
Provisions

Article 20.2 The procedures to amend the Articles of Association are as follows:

(I) a resolution proposing the shareholders' general meeting to

amend the Articles of Association together with the proposed amendments shall be passed by the board of directors in accordance with the Articles of Association;

- (II) the shareholders shall be informed of the proposal of the amendments and a shareholders' general meeting shall be convened to vote on the same;
- (III) subject to the relevant requirements of the Articles of Association of the Company, the amendments proposed to the shareholders' general meeting shall be passed by way of special resolution.

Article 20.3 Amendment to the Articles of Association which involve the contents of the Mandatory Provisions shall become effective upon approval by the approval authorities authorized by the State Council and the China Securities Regulatory Commission. Where amendments involved the registered particulars of the Company, application shall be made for registration of the changes in accordance with the laws.

Article 162  
of  
Mandatory  
Provisions

## **Chapter 21: Settlement of Disputes**

Article 21.1 The Company shall abide by the following principles for settlement of disputes:

Article 163  
of  
Mandatory  
Provisions

- (I) Whenever any disputes or claims arise between holders of the overseas-listed foreign invested shares and the Company, holders of the overseas-listed foreign invested shares and the Company's directors, supervisors, general manager or other senior management officers, or holders of the overseas-listed foreign invested shares and holders of domestic shares, in respect of any rights or obligations arising from the Articles of Association, the Company Law or any rights or obligations conferred or imposed by any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where the aforesaid disputes or claims of rights is referred to arbitration, the entire claims or disputes must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the disputes or claims or whose participation is necessary for the resolution of such disputes or claims, shall, where such person is the Company or the Company's shareholders, directors, supervisors, general manager

or senior management officers, comply with the decisions made in the arbitration.

Disputes in respect of the definition of shareholders and disputes in relation to the register of shareholders need not be resolved by arbitration.

- (II) A claimant may elect arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects for arbitration to be carried out at Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (III) If any disputes or claims of rights are referred to arbitration in accordance with sub-paragraph (I) above, the laws of the People's Republic of China shall apply, save as otherwise provided in laws and administrative regulations.

- (IV) The award of an arbitral body shall be final and conclusive and binding on all parties.

## **Chapter 22: Notices**

Article 22.1 The notices of the Company may be delivered by the following means:

- (I) by hand;
- (II) by post;
- (III) by facsimile transmission or electronic mail;
- (IV) by publishing information on websites designated by the Company and the HK Stock Exchange, subject to the laws, regulations and the listing rules of stock exchanges where the Company's shares are listed;

(V) by announcement;

(VI) by other means as agreed by the Company or the addressee in advance or as accepted by the addressee after the notice is received;

(VII) by other means as recognized by relevant regulatory authorities at the places where the Company's shares are listed or as specified by the Articles of Association.

Unless the context otherwise specifies, the "announcement" referred to in the Articles of Association shall mean, in respect of announcements made to the holders of domestic shares or the announcements to be published in the PRC as required by the relevant requirements and the Articles of Association, the publication of an announcement in newspapers in the PRC, and such newspapers shall have been prescribed under the laws and administrative regulations of the PRC or designated by the securities regulatory authority of the State Council. The announcement made to the holders of foreign shares or the announcement that has to be published in Hong Kong according to the relevant requirements and the Articles of Association shall mean the announcement published on any designated newspaper in Hong Kong as stipulated under the Listing Rules.

Article 22.2 Unless otherwise stated in the Articles of Association, the various ways of sending notices specified in the preceding Article shall apply to the notices of the shareholders' general meetings, board meetings and the meetings of the board of supervisors convened by the Company.

Article 22.3 If a notice of the Company is delivered by hand, the date of delivery shall be deemed to be the date upon which the addressee puts his signature (or affixes the seal) to the acknowledgement of receipt. If the notice is delivered by post, it shall be deemed to be served on the 48<sup>th</sup> hour from the date upon which the notice is delivered to a post office. If the notice is delivered by way of facsimile transmission, electronic mail or publication on websites, the date of delivery shall be deemed to be the date upon which the notice is sent out or published. If the notice is delivered by way of announcement, it shall be deemed to be served on the date upon which the announcement is firstly published. Such announcement shall be published on the newspapers that satisfy the relevant requirements.

## Chapter 23: Interpretation and Definitions

- Article 23.1 In the Articles of Association, the meaning of an “accounting firm” is the same as that of "auditors".
- Article 23.2 In the Articles of Association, the meaning of "no less than", "within" or "no more than" includes the underlying number, while “below”, "beyond", "less than" or "more than" excludes the underlying number.
- Article 23.3 The Articles of Association are written in Chinese. In the event of any discrepancy between the Articles of Association in other languages or different versions of the Articles of Association and the Articles of Association in Chinese, the Chinese version shall prevail.

Article 165  
of  
Mandatory  
Provisions

The power of interpretation of the Articles of Association shall be vested in the Company’s board of directors. Any matters not contained in the Articles of Association shall be proposed by the board of directors at the shareholders’ general meeting for approval.