

This Document has been issued in the Chinese language with a separate English language translation. If there is any conflict between the meaning of English words or terms in the English language version and Chinese words in the Chinese language version, the meaning of the Chinese words shall prevail.

**Sample constitutional document for companies incorporated in the PRC**

**Articles of Association of [ ] Company Limited**

Considered and approved by the [] shareholders' general meeting on []

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### **Explanatory Notes**

Within the marginal notes of the Articles of Association,

**“Company Law”** represents Company Law of the People’s Republic of China;

**“Mandatory Provisions”** represent the Mandatory Provisions for the Articles of Association of the Companies to be Listed Overseas (ZWF [1994] No. 21) issued by the China Securities Regulatory Commission (CSRC) on 27 August 1994;

**“Letter of Supplementary Opinions”** represents the Letter of the Opinion on the Supplemental Amendments to the Articles of Association of Companies to be Listed in Hong Kong (ZJHH [1995] No.1) jointly promulgated by the overseas listing department of the CSRC and the former production system department of the State Commission for Restructuring the Economic System on 3 April 1995;

**“Opinions on Regulated Operation and In-depth Reform”** represent the Opinions on Further Promotion of in Regulated Operation and In-depth Reform of Companies Listed outside the PRC (GJMQG [1999] No.230) jointly promulgated by the former State Economic and Trade Commission and the CSRC on 29 March 1999;

**“Main Board Listing Rules”** or **“Listing Rules of the Hong Kong Stock Exchange”** represent the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

**“Appendix 3 to the Main Board Listing Rules”** represents Appendix 3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

**“Appendix 13D to the Main Board Listing Rules”** represents Part D of the Appendix 13 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

**“Appendix 14 to the Main Board Listing Rules”** represents the Appendix 14 Corporate Governance Code and Corporate Governance Report to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**Articles of Association of [] Company Limited**

**Chapter 1 General Provisions**

**Article 1** [] Company Limited (the “Company”) is a joint stock limited liability company established in accordance with Company Law of the People’s Republic of China (“Company Law”), Securities Law of the People’s Republic of China, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (“Special Regulations”), the Mandatory Provisions for the Articles of Association of the Companies to be Listed Overseas, the Letter of the Opinion on the Supplemental Amendments to the Articles of Association of Companies to be Listed in Hong Kong, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other applicable laws and administrative rules of the PRC.

*Mandatory Provisions 1  
A13D 1(a)  
Unless otherwise specified,  
when Mandatory Provisions  
and Letter of Supplementary  
Opinions are mentioned, A13D  
1(a) should also be referred to.*

Pursuant to the approval under [name of the approval document] issued by [name of approving authority], the Company was established by way of promotion [or by way of placing] on [date of establishment]. The Company was registered with the Administration for Industry and Commerce in [location of the authority with which the Company was registered] on [date of registration] and obtained its business license. The Company’s business license number is: [Number]

**Article 2** The Company’s registered names are:

*Co. Law 81*

Full name in Chinese: []

*Mandatory Provisions 2*

Full name in English: []

**Article 3** The Company’s address: []

*Co. Law 81*

Postal code: []

*Mandatory Provisions 3*

Telephone: []

Fax: []

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

*Co. Law 81*

of Directors.

*Mandatory Provisions 4*

**Article 5** The Company is a joint stock limited liability company with perpetual existence and is an independent legal entity. The Company shall hold liable for its debt with all of its assets, and the liability of a shareholder of the Company shall be limited to the shares subscribed by that shareholder.

*Co. Law 3*

*Mandatory Provisions 5*

**Article 6** The Articles of Association, being the code of conduct for the Company, are passed by way of a special resolution at the shareholders' general meeting of the Company and shall become effective on the date when the Company's overseas-listed foreign shares, which are approved to be listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") by the relevant departments of the People's Republic of China and the relevant regulatory authorities, are listed and traded on the Hong Kong Stock Exchange. The Articles of Association shall supersede and replace the articles of association previously filed with administration for industry and commerce administration authorities. From the date upon which the Articles of Association come into effect, the Articles of Association shall become a legally binding document regulating the Company's organization and activities, as well as the rights and obligations between the Company and each shareholder and between the shareholders.

*Co. Law 11*

*Mandatory Provisions 6*

**Article 7** The Articles of Association are binding on the Company and its shareholders, directors, supervisors and senior management officers, all of whom have the rights to propose, any matters of the Company pursuant to the Articles of Association.

*Mandatory Provisions 7*

A shareholder may take legal action against the Company pursuant to the Articles of Association; the Company may take legal action against any shareholder pursuant to the Articles of Association; a shareholder may take legal action against another shareholders pursuant to the Articles of Association; a shareholder may take legal action against the directors, supervisors and senior management officers of the Company pursuant to the Articles of Association.

The legal action referred to in the preceding paragraph includes applications to competent courts or arbitral bodies.

**Article 8** The Company may invest in other limited liability companies, joint stock limited companies or other entities, and the Company's liabilities to an investee entity shall be limited to the amount of its capital contribution to such investee entities. *Mandatory Provisions 8*

**Article 9** The senior management officers referred to in the Articles of Association represent the general manager, [executive deputy general managers, senior deputy general managers], chief financial officer and secretary to the Board of Directors of the Company. *Co. Law 216*

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

**Article 10** The business objectives of the Company are: [] *Mandatory Provisions 9*

**Article 11** The business scope of the Company is: []

The business scope referred to in the preceding paragraph shall be such items as approved by the company registration authority.

The Company may, based on the changes in domestic and international markets, business development and its own capabilities, adjust its business scope and complete the relevant formalities of amendments to its industry and commerce registration according to relevant provisions. *Co. Law 81*  
*Mandatory Provisions 10*

## Chapter 3 Share and Registered Capital

**Article 12** There must, at all times, be ordinary shares in the Company. The ordinary shares issued by the Company include domestic shares and foreign shares. Subject to the approval of the company approving department authorized by *Mandatory Provisions 11*  
*A3(9)*

the State Council, the Company may, according to its requirements, create other types of shares.

**Article 13** The shares of the Company are in the form of share certificates. The share certificates issued by the Company shall each have a par value of Renminbi one yuan. *Mandatory Provisions 12*

Renminbi referred to in the preceding paragraph means the lawful currency of the People's Republic of China.

**Article 14** Shares of the Company shall be issued in a transparent, fair and equal manner and shares of the same class shall rank pari passu in all respects. *Co. Law 126*  
*A3(9)*

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

Domestic shares and overseas-listed foreign shares issued by the Company are entitled to the same rights in any distribution in the form of dividends or any other form.

**Article 15** Subject to the approval of the securities authority of the State Council, the Company may issue shares to domestic investors and foreign investors. *Mandatory Provisions 13*

Foreign investors referred to in the preceding paragraph mean those investors who subscribe for the Company's shares and who are located in foreign countries and in the regions of Hong Kong, Macau and Taiwan. Domestic investors mean those investors who subscribe for the Company's shares and who are located within the territory of the People's Republic of China excluding the regions mentioned above.

**Article 16** Shares that the Company issues to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares that the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares that are listed overseas shall be referred to as overseas-listed foreign shares. *Mandatory Provisions 14*

Foreign currencies referred to in the preceding paragraph mean the lawful currencies (other than Renminbi) of other countries or regions that are recognized by the foreign exchange authority of the PRC and that can be used to pay for the shares subscribed.

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

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

**Article 18** At the time of its establishment, the Company issued [] ordinary shares to its promoters, all of which are subscribed and held by the promoters of the Company, representing []% of the total number of ordinary shares issuable by the Company. *Mandatory Provisions 15*  
*Co. Law 81(4), 81(5)*

**Article 19** The Company has been authorized by the securities authority of the State Council to issue no more than [] overseas-listed foreign shares. Upon the completion of the above issuance, the shareholding structure of the Company shall be as follows: [] ordinary shares, of which [] shares shall be held by the promoters [name of each of the promoters], [] shares shall be held by other holders of domestic shares and [] shares shall be held by holders of overseas-listed foreign shares. *Mandatory Provisions 16*  
*A3 (9)*

**Article 20** The Board of Directors of the Company may implement, through separate offerings, the proposals for the issuance of overseas-listed foreign shares and domestic shares as approved by the securities authority of the State Council. *Mandatory Provisions 17*

The Company may implement separately its proposals for the issuance of overseas-listed foreign shares and domestic shares pursuant to the preceding paragraph within 15 months from the date of approval by the securities authority of the State Council.



**Article 21** Where the total number of shares stated in the proposal includes issuance of overseas-listed foreign shares and issuance of domestic shares, shares under such issuances should be fully subscribed. If the shares cannot be fully subscribed all at once due to special circumstances, the shares may, subject to the approval of the securities authority of the State Council, be issued in separate tranches. *Mandatory Provisions 18*

**Article 22** The registered capital of the Company is Renminbi [] yuan. *Mandatory Provisions 19*  
*Co. Law 81(4)*

**Article 23** Unless otherwise provided by the laws and administrative regulations of the People's Republic of China, and relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed, fully-paid shares of the Company shall be freely transferable and shall also be free from all liens. Transfer of overseas-listed foreign shares listed in Hong Kong requires registration with the Company's share registrar in Hong Kong. *Mandatory Provisions 21*  
*A3 1(1)(2)*  
*R19A.46*  
*Co. Law 137,141*

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

**Article 24** Based on its operating and development needs, the Company may, pursuant to the laws and regulations and the Articles of Association and with the approval by special resolution at the shareholders' general meeting, increase its capital in the following ways: *Mandatory Provisions 20*

- (I) Offer new shares to non-specially-designated investors for subscription;
- (II) Place new shares to existing shareholders;
- (III) Distribute bonus shares to existing shareholders;
- (IV) Issue new shares to specially-designated investors;
- (V) Convert capital reserves into share capital;

(VI) Any other means stipulated in the laws and administrative regulations and approved by the relevant regulatory authority.

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, it shall be made in accordance with the procedures set out in the relevant laws and administrative regulations of the People's Republic of China.

**Article 25** Pursuant to the Articles of Association, the Company may reduce its registered capital. The reduction in registered of capital shall be made in accordance with the procedures set out in Company Law, other applicable regulations and the Articles of Association. *Mandatory Provisions 22*

**Article 26** The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital. *Mandatory Provisions 23*  
*Co. Law 177*

The Company shall notify its creditors within 10 days from the date of the Company's resolution to reduce registered capital and shall publish an announcement in a newspaper within 30 days from the date of such resolution. A creditor has the right to require the Company to repay its debts or to provide a corresponding guarantee for such debts within 30 days from the date it receives the relevant notice or, in the case of a creditor who did not receive such notice, within 45 days from the date of the relevant announcement.

**Article 27** The Company may, in accordance with the provisions set out in the laws, administrative regulations, Listing Rules of the Hong Kong Stock Exchange, departmental rules and the Articles of Association and subject to the approval of the relevant governing authorities of the People's Republic of China, repurchase its shares under the following circumstances: *Mandatory Provisions 24*  
*Co. Law 142(1)*

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

(II) Merger with another company which holds the shares of the Company;

(III) Granting of shares as incentive compensation to the staff of the Company;

(IV) Request to the Company to acquire the shares from shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company;

(V) Any other circumstance permitted by laws and administrative regulations, and approved by the regulatory authorities.

**Article 28** The Company may, upon the approval of the relevant governing authorities of the People's Republic of China, repurchase its shares in one of the following ways: *Mandatory Provisions 25*

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

(II) Repurchasing through public trading on a stock exchange;

(III) Repurchasing shares by an off-market agreement outside a stock exchange;

(IV) Any other circumstance permitted by laws and administrative regulations, and approved by the regulatory authorities.

**Article 29** The Company must obtain the prior approval of the shareholders at a general meeting, in the manner stipulated in the Articles of Association, before it can repurchase shares by reason of those mentioned in sub-paragraphs (I) to (III) of Article 27 hereof, or repurchase shares by means of an off-market agreement outside a stock exchange. The Company may, by obtaining the prior approval of the shareholders' general meeting in the same manner, rescind or vary the agreement it has entered into, or waive any rights in the agreement. *Mandatory Provisions 26*  
*Co. Law 142(2)*

An agreement for the repurchase of shares referred to in the preceding paragraph includes but is not limited to an agreement to become obliged to repurchase shares or acquire to have the right to repurchase shares.

The Company shall not assign an agreement to repurchase its shares or any right provided in such agreement.

**Article 30** The price of redeemable shares for which the Company has the rights to repurchase shall be limited to a maximum price if purchases are not made through the market or by tender. If purchases are by tender, the tender shall be available to all shareholders on the same terms. *A3 8(1), 8(2)*

**Article 31** Shares lawfully repurchased by the Company under sub-paragraph (I) of Article 27 hereof shall be cancelled within 10 days from the date of acquisition; the shares repurchased under sub-paragraphs (II) and (IV) of Article 27 hereof shall be transferred or cancelled within 6 months; and the shares acquired by the Company in accordance with sub-paragraph (III) of Article 27 hereof shall not exceed 5% of the Company's issued shares, and the shares acquired shall be transferred to the staff within one year. *Mandatory Provisions 27 Co. Law 142(2), 142(3)*

Where the Company lawfully cancels the repurchased shares, it shall apply to the original company registration authority to registrar the change in registered capital and make an announcement accordingly.

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

**Article 32** The Company shall not accept any of its own shares as the subject of pledge. *Co. Law 142(4)*

**Article 33** Unless the Company is in the course of liquidation, it shall comply with the following provisions in relation to the repurchase of its issued shares: *Mandatory Provisions 28*

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

(II) Where the Company repurchases its shares at a premium to its par value, payment up to the par value may be deducted from the book surplus distributable profits of the Company or from the proceeds of a fresh issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:

1. If the shares being repurchased were issued at par value, payment shall be deducted from the book surplus distributable profits of the Company;
2. If the shares being repurchased were issued at a premium to its par value, payment shall be deducted from the book surplus distributable profits of the Company or from the proceeds of any issue of new shares made for the purpose of the repurchase, provided that the amount paid from the proceeds of the new issuance shall neither exceed the aggregate amount of premiums received by the Company on the issue of the shares repurchased nor the book value of the Company's share premium account (or capital reserve account) (including the premiums from the new issuance) at the time of the repurchase;

(III) The Company shall make the following payments out of the Company's distributable profits:

1. acquisition of the right to repurchase its shares;
2. variation of any contract to repurchase of its shares;
3. release of its obligations under any contract to repurchase of its 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 regulations, the amount deducted from the distributable profits for payment of the par value of shares that have been repurchased shall be transferred to the Company's share premium account (or capital reserve account).

## **Chapter 5 Financial Assistance for Acquisition of Shares of the Company**

**Article 34** The Company or its subsidiaries shall not, at any time, provide any kind of financial assistance to a person who acquires or is proposing to acquire shares of the Company. The aforesaid person acquiring shares of the Company includes a person who has directly or indirectly incurred any obligations as a result of the acquisition of shares of the Company. *Mandatory Provisions 29*

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

This Article shall not apply to the circumstances specified in Article 36.

**Article 35** The financial assistance referred to in this Chapter includes, but is not limited to, the following: *Mandatory Provisions 30*

(I) Gifts;

(II) Guarantees (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), indemnity (other than indemnity arising from the Company's own default) or release or waiver of any rights;

(III) Provision of loans or any entering into other agreements under which the obligations of the Company are to be fulfilled before the obligations of another party, and a change in parties to, or the assignment of rights arising under, such loan or agreement; and

(IV) Any other kind of financial assistance provided by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

For the purpose of this Chapter, the expression "assumption of obligations" includes the assumption of obligations by way of contract or by way of arrangement (irrespective of whether or not such contract or arrangement is enforceable, and irrespective of whether or not 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 his financial position.

**Article 36** The following acts shall not be deemed to be acts as prohibited by Article 34 hereof: *Mandatory Provisions 31*

(I) The provision of financial assistance by the Company where the financial assistance is given in good faith in the interests of the Company, and the

principal purpose of which is not for the acquisition of shares of the Company, or the giving of financial assistance is an incidental part of the overall plan of the Company;

(II) The lawful distribution of the Company's assets as dividends;

(III) The allotment of bonus shares as dividends;

(IV) The reduction of registered capital, repurchase of shares or reorganization of share capital structure of the Company effected in accordance with the Articles of Association;

(V) The lending of money by the Company within its scope of business and in the ordinary course of its business, provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is provided from the distributable profits of the Company; and

(VI) The contributions made by the Company to the employee share ownership schemes, provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is provided from the distributable profits of the Company.

## Chapter 6 Share Certificates and Register of Shareholders

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

*Mandatory Provisions 32*

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

*A3 1(1)*

*R19A.52*

During the time the Company's H shares remain listed on the Hong Kong Stock Exchange, the Company shall at any time ensure that all title documents (including H share certificates) relating to its securities listed on Hong Kong Stock Exchange include the statements stipulated below, and shall instruct and procure its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder submits to the share

registrar a signed form in respect to such shares which bear statements to the following effect:

(I) The acquirer of the shares agrees with the Company and each shareholder of the Company, and the Company agrees with each shareholder, to observe and comply with Company Law and other relevant laws, administrative regulations, the Special Regulations and the Articles of Association;

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

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

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

**Article 38** The shares of the Company may be transferred, donated, inherited and pledged in accordance with the relevant laws, administrative regulations and the Articles of Association. The transfer documents and other documents in relation to the ownership of shares must be registered with the Company's share registrar. *A3 1 (1)*

**Article 39** The share certificates shall be signed by the chairman of the Board *Mandatory Provisions 33*



of Directors. Where the stock exchange on which the Company's shares are listed *Supplementary Opinions 1*  
requires the share certificates to be signed by other senior management officers of *A3 2(1)*  
the Company, the share certificates shall also be signed by other relevant senior  
management officers. The share certificates shall take effect after being affixed, or  
affixed by way of printing, with the seal of the Company. The share certificates shall  
only be affixed or printed with the Company's seal under the authorization of the  
directors. The signature of the chairman of the Board of Directors or other relevant  
senior management officer of the Company on the share certificates may also be in  
printed form.

In the event of paperless issuance and trading of the shares of the Company,  
other requirements stipulated by the securities regulatory authorities and stock  
exchanges of the places where the shares of the Company are listed shall apply.

**Article 40** The Company shall maintain a register of shareholders and register *Mandatory Provisions 34*  
the following particulars:

- (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 or payable in respect to shares held by each  
shareholder;
- (IV) The serial numbers of the shares held by each shareholder;
- (V) The date on which each shareholder was registered as a  
shareholder;
- (VI) The date on which each shareholder ceased to be a shareholder.

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

**Article 41** Subject to compliance with the Articles of Association and other *A3 1(1)*  
applicable requirements and upon transfer of the Company's shares, the transferees *A3 1(3)*  
of the shares will become the holders of such shares with their names being entered

in the register of shareholders.

The transfer documents and other documents relating to or affecting the title to any H shares shall be registered and where any fees are charged, such fees shall not exceed the maximum fees prescribed by the Hong Kong Stock Exchange.

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

(I) Where power is granted to limit the number of shareholders in a joint account, the maximum number of shareholders to be registered as joint holders shall be restricted to four;

(II) All joint holders of any share shall 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 as having ownership of the relevant shares. However, the Board of Directors shall have the right, for the purpose of making amendments to the register of shareholders, to demand the death certificate of such holder or other documentary proof it deems appropriate; and

(IV) In the event of there being joint holders of any share, any of them may attend a shareholders' general meeting of the Company or exercise the voting rights of the shares (regardless of attendance in person or by proxy). In the event of more than one joint holder attending the shareholders' general meeting in person or by proxy, only the attendee whose name appears first in the register of shareholders among such joint holders is entitled to vote for such shares.

**Article 42** The Company may, in accordance with the memorandum of *Mandatory Provisions 35*  
understanding and agreements between the securities authority of the State Council *Supplementary Opinions 2*  
and overseas securities regulatory authorities, maintain its original copy of the *A13D 1(b)*  
register of holders of overseas-listed foreign shares outside China and entrust an  
overseas agent to maintain such register. The original copy of the register of holders  
of overseas-listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

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

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

**Article 43** The Company shall maintain a complete register of shareholders. *Mandatory Provisions 36*

The register of shareholders shall include the following parts:

(I) The register of shareholders kept 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 of overseas-listed foreign shares of the Company kept at the place where the overseas stock exchange on which the shares are listed is located;

(III) The register of shareholders kept at such other place as the Board of Directors may deem necessary for the purpose of listing of the Company's shares.

**Article 44** Different parts of the register of shareholders shall not duplicate one another. No transfer of the shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register of shareholders. *Mandatory Provisions 37*

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

**Article 45** All overseas-listed foreign shares shall be transferred by way of written transfer instrument in standard form, or any other format acceptable to the Board of Directors (including the standard transfer format or form of transfer as prescribed from time to time by the Hong Kong Stock Exchange). A written transfer document may be signed by hand or (where the transferor or transferee is a *Supplementary Opinions 12*  
*A3 1(1), 1(2), 1(3)*  
*R19A.46*  
*Co. Law 141*

corporation) by the company's seal. In the event that the transferor or transferee of the shares of the Company is a recognized clearing house ("Recognized Clearing House") as defined under the laws of Hong Kong or those of its agent, a written transfer document may be signed in a machine-printed form.

All paid-up overseas-listed foreign shares that 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 the need to provide any reason, unless:

(I) A fee (for each document of transfer) of HKD 2.5 or any higher fee as agreed by the Hong Kong Stock Exchange has been paid to the Company to register the transfer documents and other documents relating to or affecting the title to any shares;

(II) The instrument of transfer only involves the overseas-listed foreign 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 shall be provided;

(V) If the shares are to be transferred to joint holders, the number of joint holders shall not exceed 4;

(VI) The Company does not have any lien over the relevant shares; and

(VII) Shares shall not be transferred to minors or persons of unsound mind or affected by other forms of legal incapacity.

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

**Article 46** Shares of the Company held by promoters shall not be transferred for a period of one year after the Company's establishment. *Co. Law 141*

The directors, supervisors and senior management officers of the Company

shall declare to the Company the number of shares of the Company they hold and the subsequent changes in their shareholdings. The number of shares that such persons may transfer every year during their terms of office shall not exceed 25% of the total number of the Company's shares held by him. Such personnel shall not transfer the Company's shares held within half a year after they have terminated their employment with the Company.

**Article 47** Subject to the approval of the securities regulatory authorities of the State Council, holders of domestic shares of the Company may transfer the shares held by them to foreign investors and have the shares listed and traded overseas. The transferred shares that are listed and traded overseas shall comply with the regulatory procedures, regulations and requirements of the overseas securities market. The listing and trading of the transferred shares in an overseas stock exchange are not subject to the convening of shareholders voting by class.

**Article 48** 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. *Mandatory Provisions 38*

**Article 49** Where the Company convenes a shareholders' general meeting, distributes dividends, liquidates, or carries out other activities that require the determination of shareholdings, the Board of Directors shall set a date for ascertainment of the shareholding. Upon the close of such date, the shareholders who appear in the register of shareholders shall be deemed as the shareholders of the Company. *Mandatory Provisions 39*

**Article 50** Any person who requests to have his name entered to, or removed from, the register of shareholders may apply to the relevant court of authority for rectification of the register of shareholders. *Mandatory Provisions 40*

**Article 51** Any shareholder who is registered in, or any person who requests to *Mandatory Provisions 41*

have his name entered in, the register of shareholders may, if his share certificates ("Original Certificates") are lost, apply to the Company for a replacement share certificate in respect to such shares ("Relevant Shares").

If a holder of domestic shares loses his share certificates and applies for their replacement, it shall be dealt with in accordance with the relevant requirements of Company Law.

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

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 in standard form as prescribed by the Company accompanied by a notarial document or statutory declaration. The notarial document or statutory declaration shall specify the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as a statement declaring that no other person shall be entitled to request to be registered as the shareholder in respect to the Relevant Shares.

(II) No statement has been received by the Company from any person other than the applicant for having his name registered as a holder of the Relevant Shares before the Company came to a decision to issue the replacement certificates.

(III) The Company shall, if it decides to issue a replacement certificate to the applicant, make an announcement of its intention to issue the replacement certificate in such newspapers designated by the Board of Directors. The announcement shall be made at least once every 30 days over a period of 90 days. The newspapers designated by the Board of Directors shall be at least one of each

Chinese and English newspaper recognized by the Hong Kong Stock Exchange.

(IV) The Company shall, prior to the publication of the announcement of its intention to issue a replacement certificate, deliver to the Hong Kong Stock Exchange a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from the Hong Kong Stock Exchange that the announcement has been exhibited at its premises. The announcement shall be exhibited at the premises of the Hong Kong Stock Exchange for a period of 90 days. In case an application to issue a replacement certificate has been made without the consent of the registered holder of the Relevant Shares, the Company shall send by post to such registered holder a copy of the announcement to be published.

(V) If, upon expiration of the 90-day period for announcement and exhibition 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 certificates, the Company may issue replacement certificates to the applicant according to his application.

(VI) Where the Company issues a replacement certificate under this Article, it shall forthwith cancel the Original Certificate and enter the cancellation and replacement issue into the register of shareholders accordingly.

(VII) All expenses relating to the cancellation of an Original Certificate and the issuance of a replacement certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable undertaking is provided by the applicant therefor.

**Article 52** Where the Company issues a replacement certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforesaid replacement 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. *Mandatory Provisions 42*

**Article 53** The Company shall not be liable to any person for any damages caused by the cancellation of the Original Certificate or the issuance of the replacement certificate, unless the claimant is able to prove that the Company has acted fraudulently. *Mandatory Provisions 43*

## Chapter 7 Rights and Obligations of Shareholders

**Article 54** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders. *Mandatory Provisions 44*  
*A3(9)*

A shareholder shall enjoy rights and assume obligations according to the class and numbers of shares held by that shareholder. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations. *A3(12)*

All classes of shareholders of the Company shall have equal rights in any distribution in the form of a dividend or any other form.

Where a shareholder of the Company is a legal person, rights shall be exercised by the legal representative or an agent authorized by the legal representative on its behalf.

The Company shall not exercise any of its rights to freeze or otherwise prejudice any of the rights attaching to any shares of the Company only by reason that persons who are interested directly or indirectly therein have failed to disclose their interests in the Company.

**Article 55** Holders of ordinary shares of the Company shall have the following rights: *Mandatory Provisions 45*  
*Co. Law 97*

(I) The right to receive dividends and other distributions in proportion to the number of shares held; *R19A.50*  
*Co. Law 102(2)*

(II) The right to request, convene, chair, attend and vote in person or appoint a proxy to attend and vote on their behalf at shareholders' general meetings in proportion to the number of shares held in accordance with the laws;



(III) The right to supervise the Company's business operations, and to put forward proposals and raise enquiries;

(IV) The right to transfer, give as gift or pledge the shares held in accordance with the laws, administrative regulations and the Articles of Association;

(V) The right to obtain the relevant information in accordance with the Articles of Association, including:

1. A copy of the Articles of Association upon payment of a reasonable fee;
2. The right to inspect and copy upon payment of a reasonable fee:
  - (1) A copy of the register of all classes of shareholders;
  - (2) Personal particulars of directors, supervisors, general manager and other senior management officers of the Company;
  - (3) A report showing the state of the issued share capital of the Company;
  - (4) The Company's latest audited financial statements and the reports of directors, auditors and supervisors;
  - (5) Special resolutions of the Company;
  - (6) Reports showing the number and nominal value of each class of shares repurchased by the Company since the end of the last financial year, the aggregate amount paid for such shares, and the maximum and minimum prices paid in respect to each class of securities repurchased (with a breakdown between domestic shares and foreign shares);
  - (7) Minutes of the shareholders' general meetings (for shareholders' review only);
  - (8) Corporate bond counterfoils.

The Company shall place the documents referred to in the above sub-paragraphs (1) to (7) (other than sub-paragraph (2)) and any other applicable documents at the Company's Hong Kong address as required by the Main Board Listing Rules for inspection by the public and holders of

overseas-listed foreign shares free of charge.

The Company may refuse to provide any information for inspection or copying which involves commercial secrets of and insider information relating to the Company and privacy of relevant personnel.

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

(VII) With respect to shareholders who voted against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company, the right to demand the Company to acquire the shares held by them;

(VIII) Shareholders individually or jointly holding 3% or more of the Company's shares is entitled to make a provisional motion in writing to the Board of Directors 10 days before the date of shareholders' general meeting;

(IX) Any other rights conferred by laws, administrative regulations, departmental rules or the Articles of Association.

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

*Mandatory Provisions 46*

*Co. Law 83*

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

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

(III) To assume liability of the Company to the extent of the shares held by them;

(IV) Not to withdraw their fund contribution after approval and registration by the Company, except as provided in laws and regulations;

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

Unless otherwise specified, 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 57** In addition to the obligations imposed by laws, administrative *Mandatory Provisions 47* regulations or listing rules of the stock exchange upon which the Company's shares are listed, a controlling shareholder shall not exercise his voting rights in respect to the following matters in a manner prejudicial to the interests of all or some of the shareholders of the Company:

(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 account or for the account of other parties) to deprive the Company of its assets in any manner, including, but not limited to, any opportunity favourable to the Company;

(III) To approve the directors or supervisors (for their own account or for the account of other parties) to deprive another shareholder of his individual interest, including but not limited to any allocation right and voting right, but excluding any corporate restructuring proposal made at the shareholders' general meeting in accordance with the Articles of Association.

**Article 58** For the purposes of the Articles of Association, a "controlling shareholder" means a shareholder who satisfies any one of the following conditions: *Mandatory Provisions 48*

(I) Any person 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 acting on his own or in concert with other parties who has the power to exercise or control the exercise of 30% or more of the voting rights of the Company;

(III) Any person acting on his own or in concert with other parties who holds 30% or more of the outstanding shares of the Company;

(IV) Any person acting on his own or in concert with other parties who has actual control over the Company in any other manner.

The term "acting in concert" referred to in this Article represents an act that any

of two or more persons obtain the voting rights of the Company by way of their agreement thereon (whether in oral or in written form), so as to control or consolidate their control over the Company.

## Chapter 8 Shareholders' General Meetings

**Article 59** The shareholders' general meeting is the power of authority of the Company and shall exercise its functions and powers in accordance with the laws.

*Mandatory Provisions 49*

**Article 60** The shareholders' general meeting shall have the following functions and powers:

(I) To decide the Company's operational directions and investment plans;

(II) To elect and replace directors and supervisors who are not staff representatives and to determine matters relating to the remuneration of the directors and supervisors;

(III) To consider and approve the reports of the Board of Directors;

(IV) To consider and approve the reports of the Supervisory Committee;

(V) To consider and approve the Company's annual financial budgets and final accounts;

*Mandatory Provisions 50*

*Co. Law 99,121*

(VI) To consider and approve the Company's profit distribution plan and plan for recovery of losses;

(VII) To make resolutions on increase or reduction of the Company's registered capital;

(VIII) To make resolutions on the issue of debentures, any kind of shares, warrants and other similar securities by the Company;

(IX) To make resolutions on the merger, demerger, dissolution, liquidation or change of corporate form of the Company;

(X) To amend the Articles of Association;

(XI) To consider and approve the motions put forward by shareholders individually or jointly holding 3% or more of the Company's shares with voting rights;

(XII) To decide the appointment, re-appointment or dismissal of the accounting firms;

(XIII) To consider and approve the external guarantees requiring the approval of the shareholders' general meeting;

(XIV) To consider and approve the matters in relation to purchase or disposal of material assets or provision of guarantee by the Company of a value exceeding 30% of the Company's latest audited total assets within one year;

(XV) To consider and approve the share incentive plan;

(XVI) Other matters which are required to be determined at the shareholders' general meeting as required by laws, administrative regulations and the Articles of Association;

(XVII) Any other matters as required by the listing rules of the stock exchange where the Company's shares are listed.

The shareholders' general meeting may authorize or delegate the Board of Directors to transact the matters authorized or delegated by it, including but not limited to the following matters at the shareholders' general meeting:

1. Subject to the applicable laws, regulations and listing rules, to give a general mandate to the Board of Directors to issue, allot and deal with additional H shares not exceeding 20% of the H shares of the Company in issue (or other proportions as required by the applicable laws, regulations and listing rules) and authorize the Board of Directors to make corresponding amendments to the Articles of Association as it deems fit so as to reflect the new capital structure upon the allotment or issuance of shares;
2. To authorize the Board of Directors, within the cap amount of debt issuance, to determine the specific terms and the relevant matters in relation to the issuance of the debt financing instruments such as domestic

short-term financial instruments, medium-term notes, corporate bonds, overseas USD bonds based on the needs for production, operation and capital expenditure as well as the market conditions, including but not limited to the determination of the amount, interest rate, term, target group and use of proceeds of the bonds being actually issued, as well as the preparation, signing and disclosure of all necessary documents thereof subject to the aforementioned limit.

**Article 61** The provision of any external guarantee by the Company shall be considered and approved by the Board of Directors. The guarantee offered by the Company to a shareholder or de facto controller of the Company shall be approved in shareholders' general meeting. *Co. Law 16, 148*

When the shareholders' general meeting is considering a proposal to provide guarantee for any shareholder or de facto controller, the said shareholder or the shareholders controlled by the said de facto controller shall abstain from voting on the proposal, and the proposal shall be subject to approval by more than half of the voting rights of the other attending shareholders.

If a director, the general manager or any other senior management officer violates a provision on the approval authority or approval procedure for the provision of external guarantees as specified in the laws, administrative regulations or the Articles of Association, thereby causing the Company to suffer a loss, he shall be liable for damages and the Company may take legal action against him in accordance with laws.

**Article 62** The Company shall not, without the prior approval at a shareholders' general meeting, enter into any contract with any party (other than the directors, supervisors, general manager and other senior management officers) pursuant to which such party shall be in charge of management of all of the Company's businesses or the Company's major businesses. *Mandatory Provisions 51*

**Article 63** A general meeting shall either be an annual general meeting or an *Mandatory Provisions 52*

extraordinary general meeting. Annual general meetings shall be held once every year and within 6 months from the close of the preceding accounting year.

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Extraordinary general meetings shall be convened as and when necessary. The Board of Directors shall convene an extraordinary general meeting within 2 months from the occurrence of any of the following circumstances:

*Reform 6*

*Co. Law 100*

(I) When the number of directors is less than the number stipulated in 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 paid-in share capital;

(III) When any shareholder individually or jointly holding 10% or more of the Company's shares requests in writing for the convening of an extraordinary general meeting;

(IV) When deemed necessary by the Board of Directors or when requested by the Supervisory Committee;

(V) When proposed by two or more of independent directors;

(VI) Any other circumstances stipulated in the laws, administrative regulations, departmental rules, listing rules of the stock exchange where the Company's shares are listed or the Articles of Association.

In any of the circumstances referred to in sub-paragraphs (III), (IV) and (V) above, the matter for consideration proposed by the party requesting the convening of the extraordinary general meeting shall be included in the agenda of such meeting.

**Article 64** Shareholders requesting the convening of extraordinary general meetings or class meetings shall follow the procedures listed below:

*Mandatory Provisions 72*

*Co. Law 101*

(I) Shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may sign one or more written requests of identical form of content requesting the Board of Directors to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting. The Board of Directors shall convene an extraordinary general

meeting or a class meeting as soon as possible after having received the aforesaid written request. The abovementioned shareholding shall be calculated as of the day on which the written request is made.

(II) If the Board of Directors fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, the shareholders who made such request may request the Supervisory Committee to convene the extraordinary general meeting or class shareholders' meeting.

(III) If the Supervisory Committee fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, shareholders, for more than 90 consecutive days, individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may convene the meeting of their own accord within four months upon the Board of Directors having received such request. The convening procedures shall, to the greatest extent possible, be identical to procedures according to which general meetings are to be convened by the Board of Directors.

All reasonable expenses incurred for such meeting convened by the shareholders as a result of the failure of the Board of Directors and the Supervisory Committee to convene a meeting at the above requests shall be borne by the Company and deducted from the amount owed by the Company to the delinquent directors and supervisors.

**Article 65** When the Company convenes a shareholders' general meeting, shareholders individually or jointly holding 3% or more of the total voting shares of the Company shall be entitled to propose new resolutions in writing to the Company and submit to the convener 10 days prior to the convening of the general meeting. The convener of the general meeting shall issue a supplemental notice of general meeting to other shareholders within two days after the receipt of such proposal and incorporate the matters falling within the scope of duties of the shareholders' general meeting into the agenda of such meeting for the consideration.

*Mandatory Provisions 54*



**Article 66** To convene a shareholders' general meeting, the Company shall give written notice 45 days before the date of meeting (including the date of meeting), informing all registered shareholders of the matters proposed to be considered at the meeting and the date and place of the meeting. Shareholders who intend to attend the meeting shall return the written replies of attendance to the Company 20 days before the date of meeting.

*Mandatory Provisions 53*

*Mandatory Provisions 57*

*A3 7(3)*

*A3 7(1)*

Unless otherwise provided by the Articles of Association, the notice of the shareholders' general meeting shall be delivered by hand or prepaid mail to the shareholders (whether or not such shareholders have a voting right at the shareholders' general meeting). The address of the recipient shall be the address registered in the register of shareholders. For the holders of domestic shares, notice of the shareholders' general meeting may be issued by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities authority of the State Council within the period of 45 days to 50 days prior to the date of meeting. Upon the publication of the announcement, all holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

The notice of the shareholders' general meeting to the holders of overseas-listed foreign shares may be published through the websites of the Hong Kong Stock Exchange and the Company. Upon the publication of the announcement, all holders of overseas-listed foreign shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

**Article 67** The Company shall, based on the written replies received 20 days before the date of the shareholders' general meeting, calculate the number of shares with voting rights 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.

*Mandatory Provisions 55*

*Co. Law 102(3)*

Otherwise, 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. Upon the publication of the announcement, the Company may convene the shareholders' general meeting.

An extraordinary general meeting shall not transact business not stated in the notice of meeting.

**Article 68** Notice of the shareholders' general meeting shall:

*Mandatory Provisions 56*

(I) Be given in writing;

(II) Specify the time, place and date 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, a merger proposal, share repurchase, share capital restructuring or other restructuring. The specific terms and contract (if any) of the proposed transaction shall be provided, and the cause and effect of such proposal shall be properly explained;

(V) Disclose the nature and extent of the material conflict of interest, if any, of any director, supervisor, 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 will affect such director, supervisor, general manager and other senior management officer in his/her capacity as shareholders and the way in which such matter will affect other shareholders of the same class;

(VI) Contain the full text of any special resolution proposed to be passed at the meeting;

(VII) Contain a clear statement that a shareholder entitled to attend and vote has the right to appoint one or more proxies to attend and vote on his behalf and that such proxy need not be a shareholder of the Company;

(VIII) Specify the time and place for lodging proxy forms for the relevant

meeting.

**Article 69** The accidental omission to give notice of the meeting to, or the non-receipt of notice of the meeting by, any person entitled to receive notice shall not invalidate the meeting or the resolutions passed at the meeting. *Mandatory Provisions 58*

**Article 70** Any shareholder who is entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote on his behalf. A proxy so appointed can exercise the following rights pursuant to the authorization from such shareholder: *Mandatory Provisions 59*

- (I) Such shareholder's right to speak at the meeting;
- (II) The right to demand a poll alone or jointly with others;
- (III) The right to vote on a poll.

**Article 71** Shareholders shall entrust their proxies by written instruments, which shall be made under the hand of the appointer or his agent entrusted in writing. Where the appointer is a legal person, the instrument shall be made additionally under the seal of a legal person or under the hand of its director or duly authorized agent. *Mandatory Provisions 60*

**Article 72** The proxy form shall be deposited at the address of the Company or such other place specified in the notice of the meeting not less than 24 hours prior to the meeting at which the proxy is authorized to vote. 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. *Mandatory Provisions 61*

Where the appointer is a legal person, its legal representative or other persons authorized by the resolutions of the board of directors or other decision-making body shall be entitled to attend the shareholders' general meeting of the Company as a

representative of the appointer.

Where such shareholder is a Recognized Clearing House (or its nominee), it may authorize one or more persons as it deems fit to act as its representative(s) at any shareholders' general meeting or any class meeting, provided that, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect to which person is so authorized. The person so authorized may exercise the rights on behalf of the Recognized Clearing House (or its nominees) as if such person were an individual shareholder of the Company.

**Article 73** 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 and to give separate instructions on each matter to be voted at the meeting. Such a form shall contain a statement that the proxy may vote as he deems fit in the absence of the shareholder's instruction.

*Mandatory Provisions 62*

Save as provided above, the aforesaid proxy form shall also contain the following: number of shares represented by, and name of, the proxy; whether voting power is granted to the proxy; whether the proxy is entitled to votes for the interim proposals that may be included in the agenda of the shareholders' general meeting; specific instruction of voting if voting power is granted; date of appointing a proxy and the effective period for such appointment. Where a shareholder appoints more than one proxy, he shall specify the number of shares represented by each proxy in the proxy form.

Where the shareholders' general meeting is attended by proxy, he shall produce his identification proof and letter of authorization signed by the appointor or its legal representative which stipulates the date of appointment. Where a corporate shareholder appoints its legal representative to attend the meeting, the legal representative shall produce his identification proof and the notarized copy of the resolution appointing the said legal representative of the board of directors or other authority of the legal person or other certified copy permitted by the Company.

**Article 74** Where the appointer has died, became incapacitated to act, *Mandatory Provisions 63*  
withdrawn the appointment or the power of attorney, or where the relevant shares  
have been transferred prior to voting, a vote given by the proxy in accordance with  
the power of attorney shall remain valid until written notice of such event has been  
received by the Company.

**Article 75** A shareholders' general meeting shall be convened and presided by *Mandatory Provisions 73*  
the chairman of the Board of Directors. If the chairman of the Board of Directors is *Co. Law 101*  
unable or fails to perform his duties, the Board of Directors shall designate a director  
of the Company to convene and preside over the meeting. If no meeting chairman  
has been so designated, the attending shareholders shall elect one person to chair  
the meeting. If for any reason the shareholders fail to elect a meeting chairman, the  
shareholder (including proxy) attending the meeting and holding the largest number  
of shares with voting rights shall chair the meeting.

A shareholders' general meeting convened by the Supervisory Committee itself  
shall be presided over by the chairman of the Supervisory Committee. If the  
chairman of the Supervisory Committee is unable or fails to perform his duties, one  
supervisor shall be elected jointly by half or more of the supervisors to preside over  
the meeting.

The shareholders' general meeting convened by shareholder(s)  
itself/themselves shall be presided over by a representative elected by the convener.

When a shareholders' general meeting is held and the chairman violates the  
rules of procedure in a way that makes it difficult for the shareholders' general  
meeting to continue, a person may be elected at the shareholders' general meeting  
to act as the chairman so as to carry on with the meeting, subject to the approval of  
more than half of the attending shareholders holding voting rights. If for any reason  
the shareholders fail to elect a meeting chair, the shareholder (including proxy)  
attending the meeting and holding the largest number of shares with voting rights  
shall be the meeting chairman.

**Article 76** Resolutions of shareholders' general meetings are classified as *Mandatory Provisions 64*  
ordinary resolutions and special resolutions.

Ordinary resolutions of the shareholders' general meeting shall be passed by more than one half of the voting rights represented by the shareholders (including proxies) present at the meeting.

Special resolutions of the shareholders' general meeting shall be passed by more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

Shareholders (including proxies) attending the meeting shall vote in favour of or against each matter which has been put to vote at the meeting. If a shareholder or his proxy casts abstention vote or abstains from voting, his vote shall not be counted in the voting results of the Company.

**Article 77** Shareholders (including proxies) shall exercise their voting rights in *Mandatory Provisions 65*  
accordance with the number of shares with voting rights represented by them, and *Co. Law 103(1)*  
each share entitles the shareholder one voting right at the shareholders' general *A3 (14)*  
meeting. However, shares held by the Company that carry no voting rights shall not  
be counted toward the total number of shares with voting rights held by shareholders  
attending the shareholders' general meeting.

Where any shareholder is, under the applicable laws and regulations and the Listing Rules of the Hong Kong Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 78** Except for proposals in relation to procedural and administrative *Mandatory Provisions 66*  
matters of the shareholders' general meeting which can be voted upon by a show of  
hands as decided by the meeting chair, the voting at the shareholders' general  
meeting shall be conducted by a poll.

**Article 79** A poll demanded on such matters as the election of chairman or the *Mandatory Provisions 67*

adjournment of the meeting shall be taken immediately. A poll demanded on any other matter shall be taken at such time as the chairman deems appropriate, and the meeting may proceed to discuss other matters. The results of the poll to be taken shall still be deemed to be a resolution passed at that meeting.

**Article 80** 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. *Mandatory Provisions 68*

**Article 81** In the case of an equality of votes, the chairman of the meeting shall have a casting vote. *Mandatory Provisions 69*

**Article 82** The following matters shall be resolved by way of ordinary resolutions at a shareholders' general meeting: *Mandatory Provisions 70*

(I) Work reports of the Board of Directors and the Supervisory Committee;

(II) Plans for profit distribution and recovery of losses drafted by the Board of Directors;

(III) Appointment or removal of members of the Board of Directors and the Supervisory Committee (except for staff representative supervisors), and their remuneration and method of payment thereof;

(IV) The Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements;

(V) Any matters other than those required by the laws, administrative regulations or the Articles of Association to be approved by special resolution.

**Article 83** The following matters shall be approved by special resolutions at a shareholders' general meeting: *Mandatory Provisions 71*

(I) Increase or reduction of the share capital, and issue of any class of shares, warrants and other similar securities of the Company;

(II) Issuance of debentures of the Company;

(III) Demerger, merger, dissolution and liquidation of the Company;

(IV) Change of corporate form of the Company;

(V) Purchase or disposal of material assets or provision of guarantee by the Company within a year of a value exceeding 30% of the Company's latest audited total assets;

(VI) Amendment to the Articles of Association;

(VII) Share incentive plans to be considered and approved;

(VIII) Any other matters prescribed by the laws, administrative regulations or the Articles of Association, and those matters approved by ordinary resolution at a shareholders' general meeting as having a material impact on the Company and are required to be approved by a special resolution;

(IX) Any other matters required by the Listing Rules of the Hong Kong Stock Exchange to be approved by special resolution.

**Article 84** All directors, supervisors, general manager and other senior management officers shall attend the shareholders' general meeting as non-voting participants if requested. The directors, supervisors, general manager and other senior management officers who attend the meeting or attend the meeting as non-voting participants shall make replies or explanations in respect to enquiries of shareholders at the shareholders' general meeting, except for those matters in relation to commercial secrets of the Company which cannot be made public. *Mandatory Provisions 150*

**Article 85** The meeting chair shall determine based on the voting result whether a resolution at a shareholders' general meeting has been passed. His decision, which is final and conclusive, shall be announced at the meeting and recorded in the minutes of the meeting. *Mandatory Provisions 74*

**Article 86** At a shareholders' general meeting, the approach and procedures for nomination of directors and supervisors (except for staff representative supervisors) are as follows: *Supplementary Opinions 4*  
*A3 4(4)*  
*A3 4(5)*

(I) Shareholders individually or jointly holding 3% or more of the total outstanding voting shares of the Company may, by way of a written proposal, put



forward to the shareholders' general meeting about the candidates for directors and supervisors (not being staff representatives). However, the number of candidates proposed shall comply with the provisions of the Articles of Association, and shall not exceed the number to be elected. The aforesaid proposal put forward by shareholders to the Company shall be delivered to the Company at least 7 days before the convening of the shareholders' general meeting.

(II) Within the number of members as specified in the Articles of Association and based on the number to be elected, directors and supervisors may propose a list of recommended candidates for director and supervisor positions, which shall be submitted to the Board of Directors and Supervisory Committee for approval. After the list of candidates for directors and supervisors is determined upon approval by the Board of Directors and Supervisory Committee and adoption of a resolution, it should be proposed in writing at a shareholders' general meeting.

(III) The written notices of the intention to nominate a candidate for election as a director or a supervisor (not being staff representative), the acceptance of nomination by such potential candidate, and the relevant written materials of the nominated candidate, shall be given to the Company no less than 7 days prior to the date of convening the shareholders' general meeting (such 7-day period shall commence no earlier than the second day after the issue of the notice of the meeting at which the election shall be conducted and no later than 7 days prior to the shareholders' general meeting). The Board of Directors and Supervisory Committee shall provide shareholders with biographical details and basic information about the candidates for directors and supervisors.

(IV) The period of nominating a candidate for election as a director or a supervisor to the Company and the period for nominees to provide the aforesaid notice and documents shall be no less than 7 days (such period shall commence from the day following the date of serving the notice of convening the shareholders' general meeting).

(V) At the shareholders' general meeting, voting for each candidate for a

director and supervisor shall be handled as separate matters.

(VI) In the case of ad hoc addition or replacement of any director or supervisor, the Board of Directors and Supervisory Committee shall put forward a proposal to the shareholders' general meeting for such election or replacement.

**Article 87** If the meeting chair has any doubt as to the result of any resolution put to the vote, he may have the votes counted. If the meeting chair does not count the votes counted, any attending shareholder or proxy who objects to the result announced by the meeting chair may demand that the votes be counted immediately after the declaration of the voting result, and the meeting chair shall have the votes counted immediately. *Mandatory Provisions 75*

**Article 88** If votes are counted at the shareholders' general meeting, the counting result shall be recorded in the minutes of the meeting. *Mandatory Provisions 76*

The minutes of the meeting together with the attendance records signed by the attending shareholders and proxy forms shall be kept at the address of the Company.

**Article 89** Copies of the minutes of the meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within 7 days following the verification of his identity and receipt of reasonable fees. *Mandatory Provisions 77*

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

**Article 90** Shareholders holding different classes of shares are referred to as class shareholders. *Mandatory Provisions 78 , A3 10(1), 10(2)*

A class shareholder shall enjoy rights and assume obligations in accordance with the laws, administrative regulations and the Articles of Association.

In addition to holders of other classes of shares, holders of domestic shares and overseas-listed foreign shares are deemed to be different classes of shareholders. Where the share capital of the Company includes shares that do not carry voting rights, the words “non-voting” must appear on the name of such shares.

Where the share capital includes shares with different voting rights, the name of each class of shares, other than those with the most favourable voting rights, must include the words “restricted voting” or “limited voting”.

**Article 91** Rights conferred to class shareholders may not be varied or abrogated unless approved by way of a special resolution at a shareholders’ general meeting and by the affected class shareholders at a separate shareholders’ meeting convened in accordance with Articles 93 to 97 hereof. *Mandatory Provisions 79*

No approval by a shareholders’ general meeting or a class meeting is required for variation or abrogation of rights of class shareholders resulting from any change in domestic and foreign laws and administrative regulations and listing rules where the Company’s shares are listed, and the decisions made by domestic and foreign regulatory authorities in accordance with the laws.

The transfer of domestic shares held by domestic shareholders to overseas investors for listing and trading overseas shall not be considered as the Company’s intention to vary or abrogate the rights of class shareholders.

**Article 92** The following circumstances shall be deemed to be a variation or abrogation of the rights of shareholders of a particular class: *Mandatory Provisions 80*

(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 rights, distribution rights or other privileges equal or superior to the shares of such class;

(II) To effect a change 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;

(III) To remove or reduce the rights in respect to accrued dividends or the

cumulative dividends attached to shares of such class;

(IV) To reduce or remove the preferential rights attached to shares of such class to receive dividends or to the distribution of assets in the event that the Company is liquidated;

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

(VI) To remove or reduce the rights to receive payables from the Company in a particular currency attached to shares of such class;

(VII) To create a new class of shares with voting right, distribution right or other privileges equal or superior to those of the shares of such class;

(VIII) To restrict the transfer or ownership of shares of such class or to impose additional restrictions thereto;

(IX) To grant the right to subscribe for, or convert into, shares of such or another class;

(X) To increase the rights and privileges of shares of another class;

(XI) To make a restructuring scheme which will result in the holders of different classes of shares bearing a disproportionate burden of obligations under such restructuring; and

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

**Article 93** Shareholders of the affected class, whether or not otherwise entitled to vote at the shareholders' general meetings, shall nevertheless be entitled to vote at class meetings in respect to matters concerning sub-paragraphs (II) to (VIII), (XI) and (XII) of Article 92 hereof, but the interested shareholder(s) shall not be entitled to vote at class meetings. *Mandatory Provisions 81*

"Interested shareholder(s)", as such term is mentioned in the preceding paragraph, means:

(I) In the case of a repurchase of shares by the Company by pro rata offers to all shareholders or by way of on-market dealing on Hong Kong Stock

Exchange under Article 28 hereof, a “controlling shareholder” as defined in Article 58 hereof;

(II) In the case of a repurchase of shares by the Company outside the Hong Kong Stock Exchange by way of agreement under Article 28 hereof, a shareholder who is related to the agreement;

(III) In the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate liability than other shareholders of such class or who has an interest different from those of other shareholders of such class.

**Article 94** Resolutions of a class meeting shall be passed by shareholders present at the meeting representing two-thirds or more of the voting rights in accordance with Article 93 hereof. *Mandatory Provisions 82*

**Article 95** 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 serve the written replies to the Company 20 days prior to the date of the meeting. When calculating the required time periods mentioned above, the date of the meeting shall not be included. *Mandatory Provisions 83*

The Company may convene the class meeting when the number of shares carrying 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 rights to vote at the meeting. If it does not reach that proportion, 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. Upon the publication of the announcement, the Company may convene the class meeting.

If the listing rules of the stock exchange where the Company’s shares are listed have specific provisions, such provisions shall be complied with.

**Article 96** The notice of the class meeting shall only be served to shareholders entitled to vote thereat. *Mandatory Provisions 84*

A class meeting shall be held under procedures as similar as possible to a shareholders' general meeting. The provisions of the Articles of Associations which relate to the convening of shareholders' general meetings shall apply to class meetings.

**Article 97** In addition to holders of other classes of shares, holders of domestic shares and overseas-listed foreign shares are deemed to be different classes of shareholders. The special voting procedures for class meetings shall not apply to the following circumstances: *Mandatory Provisions 85*

(I) Where the Company issues, upon approval by a special resolution of its shareholders in a general meeting, either separately or concurrently every 12 months, not more than 20% of each of the existing issued domestic shares and overseas-listed foreign shares;

(II) Where the Company's plan to issue domestic shares and overseas-listed foreign shares at the time of its establishment is implemented within 15 months from the date of approval by the securities regulatory authority of the State Council;

(III) Where holders of domestic shares of the Company transfer the shares held by them to overseas investors, and such transferred shares are listed or traded on an overseas stock exchange, upon the approval by the securities regulatory authority of the State Council.

## Chapter 10 Board of Directors

### Section 1 Directors

**Article 98** Directors shall be elected or replaced at the shareholders' general *Co. Law 45*

meetings for a term of 3 years. Upon maturity of the term of office, a director shall be eligible to offer himself for re-election and re-appointment.

*Mandatory Provisions 87*

*Supplementary Opinions 4*

Subject to the relevant laws and administrative regulations, a director may be removed by an ordinary resolution in a shareholders' general meeting, before the expiration of his term of office (but without prejudice to any claim which such director may here for damages under any contract)

*A3 4(3)*

The term of office of a director shall start from the date on which the said director assumes office to the expiry of the current term of the Board of Directors. If the term of office of a director expires but re-election is not made in a timely manners, the said director shall continue to perform the duties as director pursuant to the laws, administrative regulations, departmental rules and the Articles of Association until the elected director assumes his office.

**Article 99** A director may resign before expiration of his term of office. The resigning director shall submit a written resignation to the Board of Directors. The Board of Directors shall make relevant disclosure within 2 days upon receipt of such resignation.

*Co. Law 45(2), 108(3)*

*A3 4 ( 2 )*

*A14 A.4.2*

In the event that the resignation of any director results in the number of members of the Board of Directors to be less than the statutory minimum requirement, the said director shall continue to perform duties as director pursuant to the laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected and assumes his/her office.

Save for the circumstances referenced in the preceding paragraph, the resignation of a director shall become effective upon submission of his resignation to the Board of Directors.

Subject to the relevant laws and regulations, and the regulatory rules of the local authority where the Company's shares are listed, if the Board of Directors appoints a new director to fill a casual vacancy, the appointed director should be subject to election by shareholders at the first shareholders' general meeting after the appointment.

**Article 100** When a director's resignation becomes effective or his term of office expires, he shall duly carry out all handover procedures with the Board of Directors. His fiduciary obligations to the Company and shareholders shall not necessarily terminate from the end of his term of office, and shall remain effective within a reasonable period as specified in the Articles of Association.

**Article 101** If any director fails to attend in person or appoint other directors as his/ her representative to attend meetings of the Board of Directors for two consecutive times, such director shall be deemed to have failed to perform his duties, and the Board of Directors shall propose to replace such director at the shareholders' general meeting.

**Article 102** The Company shall have independent directors. Except as otherwise provided by this section, the provisions relating to the qualifications and obligations of directors in Chapter 14 of the Articles of Association shall apply to independent directors. At least one independent director of the Company shall be an accounting professional. Independent directors shall perform their duties honestly and faithfully, safeguard the Company's interest and in particular, preventing encroachment of the lawful rights and interests of public shareholders, so as to ensure the sufficient representation of the interests of all shareholders.

*Opinions on Regulated*

*Operation and In-depth*

*Reform 1(6)*

*R19A.18*

**Article 103** Prior to the expiration of his term of office, any director who has withdrawn from his office without permission, or who violates any laws, administrative regulations, departmental rules or the Articles of Association or during the course of performing his duties, , and Company suffers only loss, such director shall be liable for compensation of such loss.

**Article 104** No director shall act on behalf of the Company or the Board of Directors in his personal capacity, unless specified under the Articles of Association or legally authorized by the Board of Directors. In the event that a director is acting in his personal capacity, but may be reasonably deemed to be acting on the behalf of the Company or the Board of Directors by a third party, such director shall state his



stance and capacity in advance.

## Section 2 Board of Directors

**Article 105** The Company shall establish a Board of Directors, which shall comprise [] directors. The number of independent directors, at all times, shall not be less than [] and shall represent one third or above of the Board of Directors.

*Mandatory Provisions 86, 87*

*Opinions on Regulated*

*Operation and In-depth*

Independent directors may report directly to the shareholders' general meeting, the securities regulatory authorities of the State Council and other relevant departments.

*Reform 1, 6*

*Co. Law 45, 108*

*A14 A.4.3*

The general manager or other senior management officers may concurrently serve as a director, provided that the aggregate number of the directors who concurrently serve as general manager or other senior management officers shall not exceed one half of the total number of directors of the Company.

*R3.10, 3.10A*

The Board of Directors shall have one chairman. The chairman of the Board of Directors shall be elected or removed by more than one half of all directors. The term of office of the chairman shall be 3 years and is renewable upon re-election.

The number of senior management officers of the controlling shareholder concurrently holding the office of the chairman or executive director of the Company shall not exceed two.

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

The term of office of an independent director shall be three years and is renewable upon re-election, but shall not exceed nine years, unless otherwise provided by relevant laws, regulations and the listing rules of the stock exchange where the Company's shares are listed.

**Article 106** The Board of Directors shall exercise the following functions and powers:

*Mandatory Provisions 88*

*Co. Law 46*

- (l) To convene the shareholders' general meeting, to propose to pass

*Opinions on Regulated*

relevant matters at the shareholders' general meeting and report to the shareholders' general meeting;

*Operation and In-depth*

*Reform 6*

(II) To implement the resolutions adopted at 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 accounts;

(V) To formulate the Company's proposals on profit distribution and plan for recovery of losses;

(VI) To formulate proposals for increases or reductions of the Company's registered capital and proposals for the issue and listing of corporate debentures or other securities;

(VII) To formulate plans for material asset acquisition or disposal, repurchase of the Company's shares, or merger, demerger, dissolution and change of corporate formation 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; and to appoint or dismiss other senior management officers of the Company, such as the [executive vice general manager, senior vice general manager] and chief financial officer pursuant to the nomination of the general manager;

(X) To decide on the matters relating to the remuneration of the aforesaid senior management officers;

(XI) To formulate the Company's basic management system;

(XII) To formulate proposals for amendment to the Articles of Association;

(XIII) To decide on matters such as investments, acquisitions or disposals of assets, financing and connected transactions that require decisions to be made by the Board of Directors in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;

(XIV) To decide on other major affairs of the Company, save for matters

required to be resolved at shareholders' general meetings as specified under the Company Law and the Articles of Association;

(XV) To exercise other functions and powers conferred by laws and regulations, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Articles of Association or the shareholders' general meetings.

With the exception of matters specified in sub-paragraphs (VI), (VII) and (XII) which shall be passed by two-thirds or more of the directors, the resolutions of the Board of Directors in respect to any other aforesaid matters may be passed by more than half of all directors.

Resolutions made by the Board of Directors with respect to connected transactions shall not come into force unless they are signed by independent directors.

**Article 107** The Board of Directors shall not, without the approval of shareholders in a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of fixed assets proposed for disposal and the value of fixed assets disposed of within 4 months before the proposed disposal exceeds 33% of the value of the Company's fixed assets as shown in the last balance sheet tabled before the shareholders in a general meeting.

*Mandatory Provisions 89*

*Opinions on Regulated*

*Operation and In-depth*

*Reform 4*

For the purposes of this Article, the term "disposal of fixed assets" includes an act involving the transfer of an interest in certain assets, but does not include the provision of guarantees with fixed assets.

The validity of a transaction for disposal of fixed assets by the Company shall not be affected by a breach of the first paragraph of this Article.

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

*Mandatory Provisions 90*

(I) To preside over the shareholders' general meetings and to convene

and preside over the meetings of the Board of Directors;

(II) To supervise and inspect the implementation of resolutions of the Board of Directors;

(III) To sign share certificates, debentures and other marketable securities issued by the Company;

(IV) To sign material documents of the Board of Directors and other documents that shall be signed by the legal representative of the Company and to exercise the functions and powers of a legal representative;

(V) In the event of any urgent situation due to force majeure or serious emergency for which the meeting of the Board of Directors cannot be convened in a timely manner to exercise special powers in relation to the Company's affairs in compliance with legal requirements and in the interests of the Company and subsequently reports such activities to the Board of Directors;

(VI) To organize development of each system on the operation of the Board of Directors, and to coordinate the operation of the Board of Directors;

(VII) To hear regular and non-regular performance reports from the Company's senior management officers, and to provide guidance on the implementation of resolutions of the Board of Directors;

(VIII) To nominate candidates for the general manager and the secretary to the Board of Directors of the Company;

(IX) To exercise any other functions and powers conferred by laws, regulations, the Articles of Association or the Board of Directors.

In the event that the chairman of the Board of Directors is unable to carry out his duties, a director elected by half or more of all directors may perform his duties.

The Board of Directors may, if necessary, authorize the chairman of the Board of Directors to exercise part of the powers of the Board of Directors when it is in recess.

**Article 109** The Board of Directors shall meet regularly, and meetings of the Board of Directors shall be held at least four times a year and convened by the chairman of the Board of Directors. The written notice of meeting shall be sent to all

*Mandatory Provisions 91*

*Co. Law 110*

*A14 A1.1, A1.3*

directors at least 14 days before the date of the meeting.

The chairman of the Board of Directors shall convene an extraordinary meeting of the Board of Directors within five days under the following circumstances:

- (I) When proposed by more than one tenth of the shareholders with voting rights;
- (II) When proposed by one third or more of the directors;
- (III) When proposed by the chairman of the Board of Directors;
- (IV) When proposed by two or more independent directors;
- (V) When proposed by the Supervisory Committee;
- (VI) When proposed by the general manager.

**Article 110** Notice shall be given to all directors, supervisors and the general manager 14 days prior to a regular board meeting, and a reasonable period prior to an extraordinary board meeting. The responsible body of the Company shall serve a written notice of the meeting to all directors, supervisors and the general manager by direct delivery, fax, express mail service or other means of electronic communication. Notices that are not served by hand shall be confirmed by telephone and record should be made accordingly. *Mandatory Provisions 92*

In case of emergency and an extraordinary board meeting is required to be convened as soon as possible, the notice of meeting may be given by telephone or by other verbal means at any time, but the convener shall provide an explanation at the meeting.

**Article 111** The notice of meeting shall be deemed to have been issued to a director if he is present at the meeting and does not raise objection to the non-receipt of such notice prior to or at the time of his arrival at the meeting.

Regular or extraordinary board meetings may be held by way of teleconference or by virtue of other communication devices. In such meetings, so long as the participating directors can hear and communicate with each other, all participating directors are deemed to have had participated in the meeting in person.

**Article 112** The board meeting shall be attended by more than half of the directors. *Mandatory Provisions 93*  
*Co. Law124*

Each director has one vote. Unless otherwise provided by law, administrative 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 of the Board of Directors shall have a casting vote.

**Article 113** A director shall attend the board meetings in person. If a director is not able to attend the meeting for any reason, he may appoint in writing other directors to attend the meeting on his behalf. The scope of authorization shall be specified in the proxy. *Mandatory Provisions 94*

The director attending the meeting on other's behalf shall only exercise the rights of director within the scope of authorization. If a director fails to attend a board meeting or appoint a representative to attend on his behalf, such director shall be deemed to have waived his right to vote at such meeting.

**Article 114** Any material matters to be decided by the Board of Directors must be handled in strict accordance with the specified procedure. A notice shall be given to all directors at the time required by the Articles of Association and sufficient information shall be given at the same time. The directors may request additional information. When one-fourth or more of the directors or two or more of the independent directors consider that the information and materials are not sufficient or they are unable to make a decision on the matters for other reasons, they may jointly propose to postpone the board meeting or delay the discussion of certain matters to be resolved in the board meeting, and the Board of Directors shall adopt the relevant proposal. *Opinions on Regulated Operation and In-depth Reform 3,6*

Resolutions related to connected transactions of the Company made by the Board of Directors shall not come into force unless they are signed by the independent directors.

**Article 115** The Board of Directors may approve the written proposals in lieu of convening board meetings, but the draft of such proposals shall be delivered to each director through direct delivery, post, fax or e-mail. Such proposals will be passed as resolutions of the Board of Directors only after they have been delivered to all directors by the Board of Directors, and signed and approved by the required quorum of the directors for decision-making and the signed document for approving such proposal has been delivered to the secretary to the Board of Directors by one of the aforesaid means. Such resolution shall be deemed to have the same legal effect as a resolution passed at a board meeting held in accordance with the procedures set out in the relevant provisions of the Articles of Association.

**Article 116** The Board of Directors shall keep minutes of resolutions on matters discussed at the meeting. The attending directors and the recorder of meeting minutes shall sign the minutes of such meetings. Directors shall be liable for the resolutions of the Board of Directors. If the resolutions of the Board of Directors violates the laws, administrative regulations or the Articles of Association, and the Company suffers a material loss as a result thereof, the directors participating in the resolutions are liable to the Company for the losses. However, directors may be exempted from such liability if it is verified that such director has stated his objection when voting and the same was recorded in the minutes at the Board meeting. *Mandatory Provisions 95*

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

**Article 117** The Board of Directors shall establish three special committees, namely the audit committee, remuneration committee and nomination committee, and the duties, composition and rules of procedure of which shall be resolved separately by the Board of Directors. Where necessary, the Board of Directors may establish other special committees. These special committees are ad hoc committees under the Board of Directors which provide advice or advisory opinions

for the Board of Directors on material decisions. The special committees shall not make any decision in the name of the Board of Directors. However, the committees may exercise decision-making power in respect to the authorized matters in accordance with special powers bestowed by the Board of Directors.

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

**Article 118** The Company shall have a secretary to the Board of Directors. The secretary to the Board of Directors is a senior management officer of the Company. *Mandatory Provisions 96*

**Article 119** 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 nominated by the chairman and appointed or removed by the Board of Directors. His primary duties include: *Mandatory Provisions 97*

*Co. Law 123*

(I) To ensure that the Company has a complete set of organizational documents and records; keep and manage shareholder's information; and assist the directors in addressing the routine tasks of the Board of Directors,

(II) To organize and arrange for the board meetings and shareholders' general meetings, prepare meeting materials, handle relevant meeting affairs, be responsible for keeping minutes of the meetings and ensuring their accuracy, and keep meeting documents and minutes and take initiative to keep abreast of the implementation of relevant resolutions. And report any important issues that occur during the implementation and, report to the Board of Directors and put forward relevant proposals;

(III) Act as the liaison between the Company and the securities regulatory authorities, to be responsible for organizing the preparation and prompt submission of the reports and documents required by the regulatory authorities, and for accepting and organizing the implementation of any assignment from the regulatory authorities;



(IV) To be responsible for coordinating and organizing the Company's disclosure of information, establish and improve the information disclosure system, participate in all of the Company's meetings involving the disclosure of information, and keep informed of the Company's material operation decisions and related information in a timely manner;

(V) To ensure the proper maintenance of the Company's register of shareholders, so as to ensure the persons who are entitled to obtain the relevant records and documents of the Company are able to obtain the same on a timely basis;

(VI) To exercise other functions and powers as conferred by the Board of Directors, as well as other functions and powers as required by laws and regulations and the stock exchange of the place where the Company's shares are listed.

**Article 120** A director or other senior management officers of the Company may act as the secretary to the Board of Directors. The accountants of the accounting firm which has been appointed by the Company and the management officers of controlling shareholders shall not concurrently act as the secretary to the Board of Directors.

*Mandatory Provisions 98*

*Opinions on Regulated*

*Operation and In-depth*

*Reform 1*

If a director of the company concurrently serves as secretary to the Board of Directors, is in the event that an action must be carried out by a director and a secretary to the Board of Directors respectively, the person who holds the offices of director and secretary to the Board of Directors shall not act in dual capacity.

## Chapter 12 General Manager and Other Senior Management Officers

**Article 121** The Company shall have one general manager, a number of [executive deputy general managers and senior deputy general managers], who shall be nominated by the general manager. A director may serve concurrently as the general manager, [executive deputy general managers, senior deputy general

*Mandatory Provisions 99*

managers] or other senior management officers.

**Article 122** The general manager, [executive deputy general managers, senior deputy general managers] or other senior management officers shall be appointed or removed by the Board of Directors.

**Article 123** The general manager shall be accountable to the Board of Directors and exercise the following functions and powers: *Mandatory Provisions 100*

(I) To be in charge of the production, operation and management of the Company, and report to the Board of Directors;

(II) To arrange proper resources to implement resolutions of the Board of Directors, the Company's annual business plans and investment plans;

(III) To draft the Company's annual budgets and final accounts, and make proposals to the Board of Directors;

(IV) To propose plans for establishment of the Company's basic management system and the internal management organization;

(V) To formulate the rules and regulations of the Company;

(VI) To propose to the Board of Directors the employment and dismissal of the [executive deputy general managers, senior deputy general managers], chief financial officer and other senior management officers;

(VII) To employ or dismiss the management officers and general employees other than those required to be employed or dismissed by the Board of Directors;

(VIII) To propose to convene extraordinary board meetings;

(IX) To decide on other issues of the Company to the extent authorized by the Board of Directors;

(X) To decide on investment, acquisition or disposal, financing and other projects other than those that must be decided by the Board of Directors or by shareholders in shareholders' general meeting;

(XI) To exercise other functions and powers conferred by the Articles of

Association and the Board of Directors.

Senior management officers other than the general manager shall assist the general manager in his work and may exercise part of the functions and powers entrusted to the general manager.

**Article 124** The general manager shall attend board meetings and, if the general manager is not a director, he shall not have voting right thereat. *Mandatory Provisions 101*

**Article 125** In the exercise of his powers, the general manager shall comply with the laws, administrative regulations and the Articles of Association, and fulfil his duties in good faith and with due diligence. *Mandatory Provisions 102*

**Article 126** The Company shall have one chief financial officer, who shall be appointed or removed by the Board of Directors. The chief financial officer shall be accountable to the Board of Directors and the general manager.

### Chapter 13 Supervisory Committee

**Article 127** The Company shall establish the Supervisory Committee, which shall exercise its supervisory powers in accordance with the law, administrative regulations and the Articles of Association. *Mandatory Provisions 103*

**Article 128** The Supervisory Committee is comprised of 3 supervisors, one of whom shall act as the chairman of the Supervisory Committee. The term of office of supervisors shall be 3 years, renewable upon re-election and re-appointment. *Mandatory Provisions 104*  
*Supplementary opinions 5*  
*A13D 1(d)(i)*

The appointment and dismissal of the chairman of the Supervisory Committee shall be subject to the approval of two-thirds or more of its members by voting.

**Article 129** Members of the Supervisory Committee shall comprise two representatives of shareholders and one representative of staff and workers. The staff representative supervisor shall be elected by the employee representatives' meeting. *Mandatory Provisions 105*  
*Opinions on Regulated*  
*Operation and In-depth*

and workers and other democratic means.

*Reform 7*

At least half of the members of the Supervisory Committee shall be external supervisors (namely supervisors who are not the representatives of shareholders nor holding any positions in the Company), and external supervisors shall have authority to report separately to the shareholders' general meeting on the integrity and diligence of the senior management officers of the Company.

*Co. Law 117(2)*

**Article 130** The directors and senior management officers of the Company shall not concurrently act as supervisors.

*Mandatory Provisions 106*

*Co. Law 117(4)*

**Article 131** The Supervisory Committee shall be accountable to the shareholders' general meeting and exercise the following functions and powers:

*Mandatory Provisions 108*

*Opinions on Regulated*

(I) To monitor any acts on the part of directors, general manager and other senior management officers in their performance of duties that may violate the laws, administrative regulations and the Articles of Association, and propose dismissal of any directors and senior management officers who violate the laws, administrative regulations, the Articles of Association or resolutions of shareholders' general meetings;

*Operation and In-depth*

*Reform7*

*Co. Law 53*

(II) To demand directors and senior management officers to make rectification if their conduct has damaged the Company's interest;

(III) To review the Company's financial position;

(IV) To review financial information such as financial reports, operation reports and profit distribution plans to be submitted by the Board of Directors to the shareholders' general meetings; to conduct investigation if there is any doubt in the company's operations, and engage certified public accountants and practicing auditors in the name of the Company to assist their review if necessary;

(V) To propose the convening of an extraordinary general meeting, and convene and preside over the shareholders' general meeting when the Board of Directors fails to perform such duties specified under the Company Law;

(VI) To submit proposals to the shareholders' general meeting;

(VII) To propose convening of an extraordinary board meeting;

(VIII) To bring an action against a director and senior management officer in accordance with Article 151 of the Company Law;

(IX) To exercise other functions and powers specified in the laws, administrative regulations and the Articles of Association.

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

**Article 132** The Supervisory Committee shall convene at least once meeting every six months, which shall be convened by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his duties, a supervisor who has been elected by more than half of the supervisors shall convene and preside over the meeting of the Supervisory Committee. *Mandatory Provisions 107*  
*Co. Law117(3)*

The supervisors can propose to convene extraordinary meetings of the Supervisory Committee.

In convening the regular or extraordinary meetings of the Supervisory Committee, the members of the Supervisory Committee shall give the written notice of the meeting to all supervisors by hand, fax, e-mail or other means within a reasonable period. If the notice is not delivered by hand, a subsequent telephone call shall be made for confirmation and corresponding records shall be made.

In case of urgency and an extraordinary meeting of the Supervisory Committee is required to be convened as soon as possible, the notice of meeting may be delivered by telephone or by other verbal means at any time, but the convener shall make explanations at the meeting.

**Article 133** The method for resolving matters by the Supervisory Committee: resolutions of the Supervisory Committee shall be made by way of voting with one vote for each supervisor in the manner of open and written ballot. *Mandatory Provisions 109*  
*Supplementary opinions 6*  
*A13D 1(d)(ii)*

The voting procedure: a supervisor may cast an affirmative, a negative or an abstention vote. Each attending supervisor shall indicate his intention by choosing one of the above. The chairman of the meeting shall request each supervisor who fails

to choose any of the above or has chosen two or more of the above to vote again, and refusal to do so shall be regarded as having waived the voting rights at such meeting. Any supervisor who leaves the meeting and does not return and has not voted by choosing any of the above shall be regarded as having waived the voting rights at such meeting.

Resolutions of the Supervisory Committee shall be passed by the affirmative votes of two-thirds or more of the members of Supervisory Committee.

The Supervisory Committee shall keep minutes of resolutions on matters discussed at the meeting, and the attending supervisors shall sign on the minutes of the meeting. A supervisor is entitled to request that an explanatory note be made with regard to his speech in the meeting. The minutes of the meeting of the Supervisory Committee shall be kept at the address of the company.

In case of voting by correspondence, supervisors shall, after confirming their votes by signing their written opinions and voting intentions on the matters considered, fax the same to the office of Supervisory Committee. Supervisors participating in the voting by correspondence should submit the signed original copy of the voting paper to the Supervisory Committee within the period specified in the notice of meeting.

**Article 134** In the event that the Supervisory Committee discovers any unusual operation of the Company, it may conduct an investigation and, when necessary, may engage professionals, such as lawyers and accounting firms, to assist in its work. Any reasonable expenses incurred thereby shall be borne by the Company. *Mandatory Provisions 110*

**Article 135** A supervisor shall carry out his supervisory duties honestly and faithfully in accordance with the law, administrative regulations and the Articles of Association. *Mandatory Provisions 111*

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

**Article 136** The following persons may not serve as a director, supervisor, the general manager, or other senior management officer of the Company: *Mandatory Provisions 112*

- (I) A person without or with limited capacity for civil conduct;
- (II) A person who has been sentenced for corruption, bribery, infringement of property, misappropriation of property or damaging the social economic order, where less than 5 years have elapsed since the sentence was served, or who has been deprived of his political rights due to criminal offense, where less 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 become insolvent and has been liquidated and who is personally liable for the insolvency of such company or enterprise, and where less than 3 years have elapsed since the date of completion of the insolvency and liquidation of such company or enterprise;
- (IV) A person who is a former legal representative of a company or enterprise the business license of which was revoked and ordered to close down due to violation of law and who is personally liable for such violation, where less than 3 years have elapsed since the date of the revocation of business license of such company or enterprise;
- (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 law and administrative regulations, is not permitted to be the leader of an enterprise;
- (VIII) A person who is not a natural person;
- (IX) A person who has been convicted by the competent authority for

violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than 5 years have elapsed since the date of such conviction;

(X) Other persons stipulated in the relevant laws and regulations of the place where the Company's shares are listed.

**Article 137** The validity of an act carried out by a director, general 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 employment, election or qualification. *Mandatory Provisions 113*

**Article 138** In addition to the obligations imposed by law, administrative regulations or the listing rules of the stock exchange where the Company's shares are listed, each of the Company's directors, supervisors, general manager and other senior management officers owes the following obligations to each shareholder, in the exercise of the functions and powers entrusted to him by the Company: *Mandatory Provisions 114*

(I) Not to exceed the Company's scope of business specified in its business license;

(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 beneficial to the Company;

(IV) Not to expropriate the personal rights and interests of shareholders, including (but not limited to) rights to distribution and voting rights, except in a restructuring of the Company which has been submitted to the shareholders' general meeting for approval in accordance with the Articles of Association.

**Article 139** Each of the Company's directors, supervisors, general managers and other senior management officers 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 under similar circumstances. *Mandatory Provisions 115*

**Article 140** Each of the Company's directors, supervisors, general manager *Mandatory Provisions 116*



and other senior management officers shall perform his duties on the principle of fiduciary responsibility, and shall not put himself in a position where his interests and his duties may conflict. This principle includes (but is not limited to) discharging the following obligations:

- (I) To act bona fide in the best interests of the Company;
- (II) To exercise his powers within his terms of reference and not to act ultra vires;
- (III) To exercise the discretion vested in him personally and not to allow himself to act under the control of any other party; and unless permitted by laws, administrative regulations or with the informed consent of the shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (IV) To treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) Unless otherwise provided 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 exploit his position to accept bribes or to obtain other illegal income, expropriate the Company's property in any way, including (but not limited to) opportunities beneficial to the Company;
- (VIII) Not 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, perform his duties faithfully, protect the Company's interests and not to exploit his position and power in the Company for his own benefit;
- (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, not to open any account in his own name or in any other name for the deposit of the Company's assets or funds, not to violate the provisions of the Articles of Association by lending the Company's funds to others or using such assets to provide guarantee for the debts of shareholders of the Company or other individuals without the consent of the shareholders given at a general meeting or the consent of the Board of Directors;

(XII) Not to disclose any confidential information in relation to the Company which he has obtained during his term of office without the informed consent of the shareholders given at a general meeting; nor shall he use such information other than for the Company's benefit, save that disclosure of such information to the court or other governmental authorities is permitted if:

1. The law so requires;
2. Public interest so warrants;
3. The interests of the relevant director, supervisor, general manager and other senior management officers so requires.

Any gain arising from the breach of this Article by the personnel mentioned in this Article shall belong to the Company. Such personnel shall be liable for compensation for any loss of the Company arising therefrom.

**Article 141** Each director, supervisor, general manager or other senior management officer of the Company shall not direct the following persons or institutions ("related parties") to do anything that is not permitted: *Mandatory Provisions 117*

(I) The spouse or minor child of the Company's director, supervisor, general manager or other senior management officer;

(II) The trustee of the Company's director, supervisor, general manager or 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 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 or other senior management officer, whether alone or jointly with the persons referred to in sub-paragraphs (I), (II) or (III) of this Article or other directors, supervisors, general managers and other senior management officers of the Company, has de facto control; and

(V) The directors, supervisors, general managers and other senior management officers of the controlled company referred to in sub-paragraph (IV) of this Article.

**Article 142** The fiduciary duties of a director, supervisor, general manager and other senior management officers of the Company do not necessarily cease upon termination of their tenure. The duty of confidentiality in respect to trade secrets of the Company survives the termination of their tenures. Other duties may continue for such period as the principle of fairness may require, depending on the length of time that has elapsed between termination and the act concerned and the circumstances and terms under which their relationship with the Company have been terminated. *Mandatory Provisions 118*

**Article 143** Except for circumstances prescribed in Article 57 hereof, a director, supervisor, general manager and other senior management officers of the Company may be relieved of liability for specific breaches of his duty with the informed consent of the shareholders given in a general meeting. *Mandatory Provisions 119*

**Article 144** Where a director, supervisor, 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, he shall disclose the nature and extent of his interest to the Board of Directors at the earliest opportunity, whether or not such matters are subject to the approval of the Board of Directors under normal circumstances. *Mandatory Provisions 120*

A director shall not vote on any resolution of the Board of Directors approving any contract, transaction or arrangement or any other relevant proposal in which he

or any of his associates (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time) has a material interest nor shall he be counted in the quorum present at the meeting. Unless the interested director, supervisor, general manager or other senior management officer of the Company has disclosed his interest to the Board of Directors as required by the first paragraph of this Article and relevant matters have been approved by the Board of Directors at a meeting in which he was not counted in the quorum and has abstained from voting, the contract, transaction or arrangement is voidable at the instance of the Company 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 or other senior management officer.

A director, supervisor, 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 is interested.

**Article 145** Where a director, supervisor, general manager or other senior management officer of the Company gives the Board of Directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in the contract, transaction or arrangement which may subsequently be made by the Company, such notice shall be deemed to be a disclosure for the purpose of the preceding Article of this Chapter, 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 relevant contract conclusion, transaction or arrangement is first taken into consideration by the Company.

*Mandatory Provisions 121*

**Article 146** The Company shall not in any manner pay taxes for its directors, supervisors, general manager or other senior management officers.

*Mandatory Provisions 122*

**Article 147** The Company shall not directly or indirectly make a loan to or provide any guarantee for a loan to a director, supervisor, general manager or other

*Mandatory Provisions 123*

senior management officer of the Company or the Company's controlling shareholders or any of their respective related parties.

The foregoing provision shall not apply to the following circumstances:

(I) The provision by the Company of a loan or a guarantee for a loan to its subsidiaries;

(II) The provision by the Company of a loan or a guarantee for a loan or any other funds to any of its directors, supervisors, general managers or other senior management officers pursuant to their employment contracts which were approved by the shareholders in a general meeting for him to settle expenditures incurred by him for expenses incurred in performing his duties and responsibilities; and

(III) If the ordinary scope of business of the Company is expanded to include the provision of loans or guarantees for loans, the Company may provide a loan or a guarantee for a loan to any of the relevant directors, supervisors, general managers or other senior management officers or their respective related parties, provided that the provision of loans or guarantees for loans is on normal commercial terms.

**Article 148** A loan made by the Company in breach of the preceding Article shall be repayable forthwith by the recipient of the loan regardless of the terms of the loan.

*Mandatory Provisions 124*

**Article 149** A guarantee for a loan provided by the Company in breach of the first paragraph of Article 147 shall not be enforceable against the Company, unless:

*Mandatory Provisions 125*

(I) The lender was not aware of the relevant circumstances when he provided a loan to a related party of any of the directors, supervisors, general managers and other senior management officers of the Company or of the Company's controlling shareholders;

(II) The collateral provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

**Article 150** For the purposes of the foregoing provisions of this Chapter, a

*Mandatory Provisions 126*

guarantee includes an act of undertaking or property provided by the guarantor to secure the performance of obligations by the obligor.

**Article 151** Where a director, supervisor, general manager or other senior management officer of the Company is in breach of his obligations owed to the Company, the Company has, in addition to any rights and remedies provided for in the laws and administrative regulations, the right to take the following measures:

(I) To demand such director, supervisor, general manager or other senior management officer compensate for losses sustained by the Company as a result of such breach;

(II) To rescind any contract or transaction that has been entered into by the Company with such director, supervisor, general manager or other senior management officer, or with a third party (where such third party has known or should have known that such director, supervisor, general manager or other senior management officer that represents the Company has breached his duties owed to the Company);

(III) To demand such director, supervisor, general manager or other senior management officer to surrender profits obtained as a result of the breach of his obligations;

(IV) To recover any monies received by the director, supervisor, general manager or other senior management officer that should have been received by the Company, including (without limitation) commissions;

(V) To demand the return of interest earned or which may have been earned by such director, supervisor, general manager or other senior management officer on the monies that should have been paid to the Company; and

(VI) To request for judgment through legal proceedings that the properties acquired by directors, supervisors, general manager and other senior management officers through their breach of duties shall belong to the Company.

**Article 152** The Company shall, with the prior approval of shareholders in a *Mandatory Provisions 128*

general meeting or by the Board of Directors, enter into a written contract with its director, supervisor or senior management officer regarding his remuneration. The written contract shall include at least the following provisions:

*Co. Law 116*

*R19A.54(1)(2), 19A.55(a)(b)*

(I) An undertaking by the director, supervisor and senior management officer to the Company to observe Company Law, the Special Regulations, the Articles of Association, the Codes on Takeover and Mergers, the Codes on Share Repurchases and other rules of the Hong Kong Stock Exchange, and an agreement that the Company shall have the remedies provided in the Articles of Association, and that neither the contract nor his office is capable of assignment;

(II) An undertaking by the director, supervisor and senior management officer to the Company to each shareholder to observe and perform his obligations in accordance with the Articles of Association;

(III) An arbitration clause as provided in Article 195 hereof.

The aforesaid emoluments include:

(I) Emoluments in respect to his service as director, supervisor or senior management officer of the Company;

(II) Emoluments in respect to his service as director, supervisor or senior management officer of any subsidiary of the Company;

(III) Emoluments in respect to the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries; and

(IV) Payment to the director or supervisor as compensation for loss of office or as consideration in connection with his retirement.

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

The Company shall, on a regular basis, disclose to shareholders the remunerations obtained by the directors, supervisors and senior management officers from the Company.

**Article 153** The contracts entered into between the Company and its directors or supervisors concerning emoluments shall prescribe that in the event that the Company is being acquired, the Company's directors and supervisors shall, subject to the prior approval of shareholders in a general meeting, have the right to receive compensation or other payment in respect to his loss of office or retirement. For the purposes of the preceding paragraph, the acquisition of the Company includes any of the following:

- (I) An offer made by any person to all shareholders; or
- (II) An offer made by any person such that the offeror will become the controlling shareholder. The term "controlling shareholder" has the same meaning as defined in the Articles of Association.

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

## Chapter 15 Financial and Accounting System

**Article 154** The Company shall establish its financial and accounting system in accordance with the law, administrative regulations and the provisions stipulated by the relevant authorities of the People's Republic of China.

**Article 155** The Company shall adopt the Gregorian calendar year for its accounting year, namely being that the accounting year shall be from 1 January to 31 December.

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

The financial statements of the Company shall be prepared in accordance with



accounting standards and regulations of the People's Republic of China, as well as in accordance with international accounting standards, or the accounting standards required by the securities regulatory authorities of the jurisdiction in which the Company's shares are listed.

In distributing its after-tax profits of the relevant accounting year, the lower of the after-tax profits as shown respectively in the abovementioned two financial statements shall be adopted.

**Article 156** The Company's Board of Directors shall make available before the shareholders at every annual general meeting such financial reports prepared by the Company in accordance with the relevant laws, administrative regulations and regulatory documents promulgated by the local government and the competent authorities. *Mandatory Provisions 132*

**Article 157** The Company shall not maintain books of accounts other than those provided for by law. The Company's assets shall not be deposited in an account maintained in the name of any individual. *Mandatory Provisions 137*

**Article 158** The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days prior to the date of the annual general meeting. Each shareholder of the Company has the right to receive a copy of such financial reports mentioned in this Chapter. *Mandatory Provisions 133*  
*Supplementary Opinions 7*  
*A3 (5) , R19A.48*

The financial report mentioned in the preceding paragraph shall comprise the directors' report, together with the balance sheet (including all other documents to be annexed as required by the People's Republic of China or other laws and administrative regulations) and the profit and loss statement (the profit statement) or the statement of income and expense (the statement of cash flow), or (subject to the relevant laws of the People's Republic of China) the summary financial report as approved by The Stock Exchange of Hong Kong Limited.

The Company shall deliver or send by prepaid mail the abovementioned reports to each holder of overseas-listed foreign shares at the address recorded in the

register of shareholders at least 21 days before the annual general meeting is convened. The Company can proceed by way of announcements, including announcement via the Company's website, on condition that such announcements are in compliance with the laws, administrative regulations, departmental rules and the relevant requirements of the securities regulatory authorities of the place where the Company's shares are listed.

**Article 159** The Company shall publish its financial reports twice every accounting year prepared in accordance with either international accounting standards or those required by the securities regulatory authorities of the jurisdiction in which the Company's shares are listed. Namely, the interim financial report shall be published within three months after the end of the first six months of each accounting year and the annual financial report shall be published within four months after the end of each accounting year. *R13.46, R13.49*

## Chapter 16 Profit Distribution

**Article 160** In distributing the profit after tax of the current year, the Company shall allocate 10% of its profit into its statutory reserve fund. When the aggregate amount of the statutory reserve fund of the Company is more than 50% of its registered capital, further appropriations are not required. *Co. Law 166*

Where the statutory reserve fund of the Company is insufficient to make up for the losses of the previous year, the profits of the current year shall be used to make up for such losses before making allocation 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, subject to the approval of the shareholders at the shareholders' general meeting allocate its profits after tax to its discretionary reserve fund.

After making up for the losses and making allocations to the reserve fund, any

remaining profits after tax shall be distributed by the Company to company shareholders in proportion to their respective shareholdings according to the resolution adopted at the shareholders' general meeting.

If the shareholders' general meeting has, in violation of the provision of the preceding paragraph, distributed profits to shareholders before the Company has made up for its losses and made allocations to its statutory reserve fund, the shareholders shall return to the Company the profit distributed in violation of the provision.

The Company's shares held by the Company are not entitled to any profit distribution.

**Article 161** Capital reserve fund includes the following items:

*Mandatory Provisions 138*

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

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

**Article 162** The reserve fund of the Company can be applied for making up for losses of the Company, expansion of the Company's production and operation or increasing the capital of the Company, but the capital reserve fund cannot be applied for making up for losses of the Company.

*Co. Law 168*

Where the statutory reserve fund is converted into capital, the balance of the reserve fund shall not fall below 25% of the Company's registered capital prior to such conversion.

**Article 163** The Company may distribute dividends in the form of (or a combination of both):

*Mandatory Provisions 139*

(I) Cash;

(II) Shares.

**Article 164** Any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to receive a dividend

*A3.3(1)*

subsequently declared.

**Article 165** The Company shall appoint a receiving agent for holders of overseas-listed foreign shares. The receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect to the overseas-listed foreign shares, and such payment shall be kept by the receiving agent on such shareholders' behalf for any payment to them.

*R19A.51*

*Mandatory Provisions 140*

*Supplementary Opinions 8*

*A13D 1(c)*

*A3 3(2)*

The receiving agent appointed by the Company shall satisfy requirements under the laws of the jurisdiction where the Company's shares are listed or the rules of relevant stock exchange.

*R19A.47*

*A32(2), 13 (1), 13(2)*

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

Subject to the relevant laws and regulations of the People's Republic of China, the Company may exercise its right to claim over unclaimed dividends, provided that such right shall not be exercised until after the expiration of the applicable limitations period.

The Company has the power to cease sending dividend warrants by post to a holder of overseas-listed foreign shares if such warrants have been left uncashed. The Company shall only exercise such power until such warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

In relation to the exercise of right to issue warrants to bearer, no new warrant shall be issued to replace one that has been lost unless the Company is satisfied beyond a reasonable doubt that the original warrant has been destroyed. The Company has the right to sell, by means considered appropriate by the Board of Directors, the shares of a holder of the overseas-listed foreign shares who is untraceable under the following circumstances:

(I) During a period of 12 years at least 3 dividends in respect of the shares in question have become payable and no dividend during that period has

been claimed; and

(II) Upon expiry of the 12 years, the Company gives notice of its intention to sell the shares by way of an announcement published in one or more newspapers in the place where the Company's shares are listed and notifies the Hong Kong Stock Exchange of such intentions.

**Article 166** The cash dividend and other amount paid by the Company to the holders of domestic shares shall be paid in Renminbi. The cash dividend and other amounts paid by the Company to the holders of overseas-listed foreign shares shall be denominated and declared in Renminbi and paid in Hong Kong Dollars. The foreign currency required for the payment of cash dividends and other amount by the Company to the holders of overseas-listed foreign shares shall be arranged in accordance with the provisions of the People's Republic of China in relation to foreign exchange administration.

**Article 167** Unless otherwise provided in relevant law or administrative regulations, if the cash dividends and other amount are to be paid in Hong Kong Dollars, the Company shall adopt the average offer price of the relevant foreign exchange quoted by the People's Bank of China for a calendar week preceding the date on which the dividend and other amount are declared as the exchange rate therefor.

## Chapter 17 Appointment of Accountant Firm

**Article 168** The Company shall appoint an independent accounting firm which is qualified under the relevant national regulations to audit the Company's annual financial reports and verify other financial reports of the Company.

*Mandatory Provisions 141*

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

**Article 169** The accounting firm appointed by the Company shall hold their position from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual general meeting. *Mandatory Provisions 142*

**Article 170** The accounting firm appointed by the Company shall have the following rights: *Mandatory Provisions 143*  
*Co. Law 170*

(I) The right to review the books, records and documents of the Company at any time, the right to require the directors, general managers or other senior management officers of the Company to provide relevant information and explanation;

(II) The right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as necessary for the discharge of its duties;

(III) The right to attend general meetings and to receive all notices of, and other information relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the Company's accounting firm.

The Company shall provide the accounting firm appointed with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information. The Company shall not refuse to provide or hide the same or make false reports.

**Article 171** 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 in this capacity during the period in which a vacancy exists. *Mandatory Provisions 144*

**Article 172** 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 *Mandatory Provisions 145*

accounting firm's right to claim for damages which arise from its removal shall not be affected thereby.

**Article 173** The remuneration of an accounting firm or the manner in which such remuneration is to be decided shall be determined by the shareholders' general meeting. The remuneration of an accounting firm appointed by the Board of Directors shall be determined by the Board of Directors. *Mandatory Provisions 146*

**Article 174** The Company's appointment, removal and non-reappointment of an accounting firm shall be resolved by a shareholder' general meeting. Such resolution shall be filed with the securities authority of the State Council. *Mandatory Provisions 147*  
*Supplementary Opinions 9*  
*A13D 1(e)(i)*

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.

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 the accounting firm, to re-appoint an accounting firm that was appointed by the Board of Directors to fill a casual vacancy, or to remove an accounting firm before the expiration of its term of office, the following provisions shall apply:

(I) Before notice of meeting is given to the shareholders a copy of the appointment or removal proposal shall be sent 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 accounting 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 written representations were received too late) take the following measures:

1. In any notice of meeting held for making the resolution, state the fact that the departing accounting firm has made such representations; and

2. Attach a copy of the representations to the notice and send it to every shareholder entitled to notice of general meeting 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' general meeting and may make further representations.

(IV) An accounting firm that 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 that it is proposed to fill the vacancy caused by its removal; and
3. The shareholders' general meeting that is convened as a result of its resignation.

The accounting firm shall be entitled to receive all notices of, and other communications relating to, such meetings, and to speak at such meetings in relation to matters concerning its role as the former accounting firm of the Company.

**Article 175** If the Company proposes to remove the accounting firm or not to renew the appointment thereof, it shall 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 make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company.

*Mandatory Provisions 148*

*Supplementary Opinions*

*10A13D 1(e)(ii)1(e)(iii), 1(e)(iv)*

The accounting firm may resign from its office by depositing the written notice of resignation at the registered 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:

1. A statement to the effect that there are no circumstances connected with its resignation that it considers must be brought to the attention of the shareholders or creditors of the Company; or



2. A statement of any such circumstances that should be explained.

The Company shall, within 14 days of the receipt of the written notice referred to in sub-paragraph 2 of this Article, send a copy of the notice to the relevant competent authority. If the notice contains a statement under sub-paragraph 2 of the second paragraph of this Article, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas-listed foreign shares (namely being the shareholder who is entitled to receive the financial report of the Company) at the address recorded in the register of shareholders.

If the accounting firm's notice of resignation contains a statement under sub-paragraph 2 of the second paragraph of this Article, the accounting firm may request the Board of Directors to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances in connection with its resignation.

## Chapter 18 Notices

**Article 176** Notices of the Company may be delivered through the following means: *A3 7(1)7 (3)*

(I) By hand; *R 2.07B*

(II) By mail; *R 2.07A(3)*

(III) By fax or electronic mail;

(IV) By way of publishing information on websites designated by the Company and the Hong Kong Stock Exchange, subject to the laws, administrative regulations and the listing rules of stock exchange of the jurisdiction where the Company's shares are listed;

(V) By way of announcement;

(VI) By any other means as agreed by the Company or the recipient or as accepted by the recipient after the notice is received;

(VII) By any other means as approved by the relevant regulatory authorities of the jurisdictions where the Company's shares are listed or as specified in the Articles of Association.

Unless the context otherwise specifies, the "notices" referred to in the Articles of Association shall mean, in respect to announcements made to the holders of domestic shares or the announcements to be published in the People's Republic of China as required by the relevant requirements and the Articles of Association, the publication of an announcement in newspapers in the People's Republic of China, and such newspapers shall have been prescribed under the laws and administrative regulations of the People's Republic of China or by the securities regulatory authority of the State Council. For notices issued by the Company to the holders of overseas-listed foreign shares by way of announcement, the Company shall on the same day submit an electronic version to the Hong Kong Stock Exchange through the e-submission system of the Hong Kong Stock Exchange for immediate release on the website of the Hong Kong Stock Exchange in accordance with the local listing rules, or publish an announcement in newspapers (including the publication of an advertisement in newspapers) in accordance with the local listing rules. The announcement shall at the same time also be published on the Company's website. In addition, unless otherwise required in the Articles of Association, the notice shall be delivered to each of the registered addresses as set forth in the register of holders of overseas-listed foreign shares by personal delivery or prepaid mail, so as to give the shareholders sufficient notice and time to exercise their rights or act in accordance with the terms of the notice.

The Company's holders of overseas-listed foreign shares can, in writing, select to receive corporate communication by electronic means or by prepaid mail that the Company will send to shareholders, and they can also select to receive Chinese or English version only, or both. Shareholders can give written notice in advance to the Company within reasonable time to revise the method and language version of receiving foregoing information under appropriate procedures.

Shareholders or directors who wish to prove that certain notices, documents, information or written statements have been served on the Company shall provide evidence showing the same has been served to the correct address by ordinary means or by prepaid mail within the specified period of time.

Notwithstanding the aforesaid provision which specifies providing and/or dispatching written corporate communication to shareholders, as for the means by which the Company provides and/or dispatches its corporate communication to shareholders according to the Listing Rules of the Hong Kong Stock Exchange, if the Company has obtained shareholders' prior written consent or deemed consent according to the relevant laws and regulations and the Listing Rules of the Hong Kong Stock Exchange as amended from time to time, the Company may dispatch or provide corporate communication to its shareholders by electronic means or via its website. Corporate communication includes, but is not limited to circulars, annual reports, interim reports, quarterly reports, notices of shareholders' general meetings, and other types of corporate communication as specified in the Listing Rules of the Hong Kong Stock Exchange.

**Article 177** Unless otherwise specified in the Articles of Association, the various means of sending notices specified in the preceding paragraph shall apply to the notices of shareholders' general meetings, board meetings and meetings of the Supervisory Committee convened by the Company.

**Article 178** For a notice of the Company delivered by hand, the notice shall be deemed to be received upon signing (or affixing the seal) by the recipient on the note of receipt and the receipt date shall be the date of serve. If the notice is delivered by post, it shall be deemed to have been received after 48 hours from the date upon which the post office receives the notice. If the notice is delivered by way of fax or electronic mail or by way of publishing information on websites, it shall be deemed to have been received on the date it is sent or published. If the notice is delivered by way of announcement, it shall be deemed to have been received on the date on

which the announcement is first published. Such announcement shall be published on the newspapers that satisfy the relevant requirements.

**Article 179** In the event that the listing rules of the stock exchange of the place where the Company's shares are listed stipulate that the Company shall send, post, distribute, issue, announce or otherwise provide relevant documents of the Company in English and Chinese, and if the Company has made appropriate arrangement to confirm whether the shareholders intend to receive either the English or the Chinese version, the Company may (as per the preference stated by the shareholders) only send the English version or the Chinese version to the shareholders concerned to the extent permitted by applicable law and regulations and pursuant to the applicable laws and regulations.

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

**Article 180** In the event of the merger or division of the Company, the Company's Board of Directors shall put forward a proposal and shall be approved in accordance with the procedures stipulated in the Company's Articles of Association. The Company shall then go through the relevant approval formalities pursuant 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 content of the resolution of on the merger or division of the Company shall be contained in special documents which shall be available for inspection by the shareholders. *Mandatory Provisions 149*

The aforesaid documents shall be sent to each holder of overseas-listed foreign shares by post.

**Article 181** The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity. *Mandatory Provisions 150*  
*Co. Law 173*

In the event of a merger, the parties to the merger shall enter into a merger

agreement, and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days from the date of on which the resolution in favour of the merger is adopted and shall publish an announcement in a newspaper within 30 days from the date of such resolution.

Upon the merger, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

**Article 182** In the event of a division of the Company, its properties shall be divided up accordingly. *Mandatory Provisions 151*  
*Co. Law 175, 176*

In the event of a division, the Company shall prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days from the date on which a resolution is adopted in favour of the division and shall publish an announcement in a newspaper within 30 days from the date of such resolution.

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

**Article 183** 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 as a result of any merger or demerger. 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. *Mandatory Provisions 152*

## Chapter 20 Dissolution and Liquidation of the Company

**Article 184** In any of the following circumstances, the Company shall be dissolved: *Mandatory Provisions 153*  
*Co. Law 180, 182*

- (I) The shareholders' general meeting by special resolution dissolves the Company;
- (II) Dissolution is necessary due to a merger or division of the Company;
- (III) The business license is revoked, the Company is ordered to close, or is wound up according to law;
- (IV) The Company is ordered to close due to breach of law or administrative regulations;
- (V) The Company has experienced material difficulties in operation and management, and the continuous operation would lead to substantial losses to the interests of its shareholders and there are no other solutions to resolve the matters. Shareholders holding 10% or more of the total voting rights of the Company may appeal to the People's Court for dissolution of the Company.

**Article 185** Where the Company is dissolved pursuant to sub-paragraphs (I), (III) and (V) of Article 184, a liquidation committee shall be formed within 15 days from the date of occurrence of such grounds for dissolution, to start the liquidation process. The composition of the liquidation committee shall be determined by directors or the shareholders' general meeting. In case no such committee is established to timely proceed with liquidation, the creditors may make an application to a People's Court for appointing relevant persons to form the liquidation committee for liquidation.

*Mandatory Provisions 154*

*Co. Law 183*

**Article 186** Where the Board of Directors decides to liquidate the Company for any reason other than the Company's declaration of its own bankruptcy, the Board of Directors shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that the Board of Directors has conducted a comprehensive investigation into the affairs of the Company and 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.

*Mandatory Provisions 155*

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.

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting and 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 187** During the liquidation period, the liquidation committee shall exercise the following functions and powers: *Mandatory Provisions 157*  
*Co. Law 184*

- (I) To liquidate the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (II) To notify creditors by sending notice and making public announcement;
- (III) To deal with and settle any outstanding businesses of the Company;
- (IV) To pay outstanding taxes as well as taxes arising in the course of liquidation;
- (V) To settle claims and debts;
- (VI) To dispose of the remaining assets of the Company after the repayment of debts;
- (VII) To represent the Company in any civil proceedings.

**Article 188** 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 30 days from the date it receives the above notice or within 45 days from the date of announcement if no such notice is received. *Mandatory Provisions 156*  
*Co. Law 185*

When declaring the claims, the creditors shall specify the relevant matters about the claims and provide corresponding evidence. The liquidation committee shall register such claims.

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

**Article 189** 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 relevant competent authorities for confirmation. *Mandatory Provisions 158*

The assets of the Company shall be submitted for liquidation in the following order: payment of liquidation expenses, staff wages and social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the Company's debts.

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 shall not commence any new business activities.

**Article 190** 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 immediately apply to a People's Court for declaration of bankruptcy. *Mandatory Provisions 159*  
*Co. Law 187*

After the Company is declared bankrupt by a ruling from a People's Court, the liquidation committee shall handover the liquidation matters to the People's Court.



**Article 191** 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 a certified public accountant of the People's Republic of China, and then submitted to the shareholders' general meeting or a People's Court for confirmation. Furthermore, within 30 days of the date of confirmation by the shareholders' general meeting or the People's Court, the aforesaid documents shall be submitted to the company registration authority for application for cancelling the registration of the Company and a public announcement shall be made for the termination of the Company. *Mandatory Provisions 160*

## Chapter 21 Amendments to the Articles of Association

**Article 192** The Company may amend the Articles of Association according to the provisions of laws, administrative regulations and the Articles of Association. *Mandatory Provisions 161*

**Article 193** The following procedures shall be followed when amending the Articles of Association:

(I) The Board of Directors shall firstly adopt a resolution for amendment to the Articles of Associations and prepare a proposal for amendment to the Articles of Associations;

(II) The Board of Directors shall convene a shareholders' general meeting for voting on such proposals thereat;

(III) The shareholders' general meeting shall approve such proposals by special resolution;

(IV) The Company shall submit the amended Articles of Association to the company registration authority for filing.

**Article 194** Amendments to the Articles of Association that involve the contents of the Mandatory Provisions shall become effective upon approval by the approving *Mandatory Provisions 162*

department authorized by the State Council and securities committee of the State Council. Where amendment involves the registered particulars of the Company, application shall be made for alteration of registration in accordance with the law.

## Chapter 22 Settlement of Disputes

**Article 195** The Company shall abide by the following principles for settlement of disputes: *Mandatory Provisions 163*  
*Supplementary Opinions 11*

(I) Whenever any disputes or claims of rights arise between holders of overseas-listed foreign shares and the Company, holders of overseas-listed foreign shares and the Company's directors, supervisors, general manager or other senior management officers, or holders of overseas-listed foreign shares and holders of domestic shares, in respect to any rights or obligations arising from the Articles of Association, Company Law and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims of rights shall be referred by the relevant parties to arbitration. *R19A.54(3),R19A.55(c)*

Where the aforesaid disputes or claims of rights are referred to arbitration, the entire claim or dispute 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 other senior management officers, comply with the decisions made through arbitration.

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

(II) A claimant may elect that arbitration be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its Arbitration Rules or the Hong Kong International Arbitration Centre in accordance with Securities Arbitration Rules. Once a claimant refers a dispute or claim of rights

to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects arbitration to be carried out at the 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 arising from the sub-paragraph (I) above are settled by way of arbitration, the laws of the People's Republic of China (excluding the Special Administrative Region of Hong Kong, the Special Administrative Region of Macau and Taiwan region) shall apply, unless otherwise provided in the laws and administrative regulations.

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

## Chapter 23 Supplementary Provisions

**Article 196** In the Articles of Association, the meaning of the term "accounting firm" is the same as that of "auditor".

*Mandatory Provisions 165*

*Co. Law 216(3)*

In the Articles of Association, the meaning of "de facto controller" is the person who is not a shareholder of the Company but is able to actually control the acts of the Company through an investment, agreement or other arrangement.

In the Articles of Association, the meaning of "no less than", "within" or "no more than" includes the underlying number, while "more than" or "beyond" does not include the underlying number.

**Article 197** The Articles of Association are written in Chinese. Should there be any discrepancy between the versions in other languages and the Chinese version, the Chinese version shall prevail.

**Article 198** The power of interpretation of the Articles of Association shall be vested in the Company's Board of Directors. Any matters not addressed in the

Articles of Association shall be proposed by the Board of Directors at the shareholders' general meeting for approval.