

# **Articles of Association of Roiserv Lifestyle Services Co., Ltd.**

**Reprinted in March 2022**

(The Articles of Association were prepared in Chinese. The English translation is not an official version and is for your reference only. In case of any inconsistencies and discrepancies between the Chinese and the English versions, the Chinese version shall prevail.)

(Inclusive of alterations approved by the shareholders' general meeting up to 8 March 2022)

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# Articles of Association of Roiserv Lifestyle Services Co., Ltd.

## Chapter 1 General Provisions

**Article 1** Roiserv Lifestyle Services Co., Ltd. (the “Company”) is a joint stock company established with limited liability according to the Company Law of the People’s Republic of China (the “Company Law”) and Special Provisions of the State Council on Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the “Special Regulations”) and other relevant laws and administrative regulations of the PRC. The Company was established upon registration in Langfang Administration Bureau for Industry and Commerce on November 2, 2000 and was entirely converted into a joint stock company with limited liability by way of promotion on April 6, 2020, with its joint stock company business license obtained on April 23, 2020.

The unified social credit code of the Company: 91131001601143496M.

The promoters of the Company are RiseSun Real Estate Development Co., Ltd. (榮盛房地產發展股份有限公司) and Hebei Zhonghong Kaisheng Investment Co., Ltd. (河北中鴻凱盛投資股份有限公司).

**Article 2** Registered name of the Company:

Chinese full name: 榮萬家生活服務股份有限公司

English full name: Roiserv Lifestyle Services Co., Ltd.

**Article 3** Domicile of the Company: East Daxiang Line and North Heyuan Road (Within Xianghe Xiandai Water Industry Co., Ltd.\* (香河現代水業有限公司)) Jiangxintun Town, Xianghe County, Langfang, Hebei Province.

**Article 4** The legal representative of the Company shall be the chairman of the Company.

**Article 5** The Company is a joint stock company with limited liability with perpetual existence. The Company is an independent legal entity. The Company shall be liable for its debts to the extent of all its assets, while the shareholder of the Company shall be liable to the Company to the extent of the shares they have subscribed for.

**Article 6** The Articles of Association shall be the code of conduct of the Company, which are passed by way of a special resolution at the general meeting of the Company and shall become effective on the date when the overseas listed shares of the Company are permitted by relevant competent departments and regulators of China to be listed and traded on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). From the effective date, the Articles of Association shall become a legally binding document regulating the organization and activities of the Company, as well as the rights and obligations between the Company and its shareholders, and among the shareholders.

**Article 7** The Articles of Association are binding on the Company and its shareholders, directors, supervisors and senior management members, all of whom have the same obligations and responsibilities.

Shareholders 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; shareholders may take legal action against another shareholder pursuant to the Articles of Association; shareholders may take legal action against the directors, supervisors and senior management members of the Company pursuant to the Articles of Association.

The legal action as referred to in the preceding paragraph includes applications to competent courts or arbitration tribunals.

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

**Article 9** The “senior management member(s)” referred to in the Articles of Association means the general manager, the deputy general manager, person in charge of financial matters, secretary to the Board and other senior management members designated by the Board.

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

**Article 12** The Company creates ordinary shares at any time. The Company may create other classes of shares according to its needs, upon approval by the approval department authorized by the State Council.

**Article 13** All the shares issued by the Company shall have a par value, which shall be RMB1 for each share.

**Article 14** The shares of the Company shall be issued in accordance with the principles of equitability and fairness. Each share of the same class shall carry the equal rights. Shares of the same class and in the same issue shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares it/he/she subscribes for.

The domestic unlisted shares and overseas listed shares issued by the Company shall have the equal rights to any distribution in the form of dividend or otherwise. If a person who directly or indirectly owns the rights and interests of the shares fails to disclose his/her rights and interests to the Company to exercise any rights, the Company shall not freeze or in any way damage any rights or interests attached to his/her shares solely because of this.

**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.

“Foreign investors” as referred to in the preceding paragraph mean those investors who subscribe for the shares of the Company and are located in foreign countries and in the Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan. “Domestic investors” mean those investors who subscribe for the shares of the Company and are located within the territory of the People’s Republic of China excluding the regions mentioned above.

**Article 16** Shares subscribed in RMB issued by the Company to domestic investors shall be referred to as domestic shares/domestic unlisted shares. Shares subscribed in foreign currency issued by the Company to foreign investors shall be called foreign shares. Foreign shares which are listed overseas shall be called overseas listed foreign shares.

Both the holders of domestic unlisted shares and holders of foreign shares shall be holders of ordinary shares, and shall enjoy and bear the equal rights and obligations. Subject to the approvals of the securities regulatory authority of the State Council and the overseas securities regulatory authorities, domestic unlisted shares which are able to be listed and traded on the overseas exchange shall be of the same class as the overseas listed foreign shares, collectively known as the overseas listed shares.

**Article 17** After the Company’s plan for the offering of domestic unlisted shares and overseas listed shares has been approved by the securities regulatory authority of the State Council, the Board of the Company may arrange for implementation of such plan by means of separate offerings. The Company’s plans for the offerings of overseas listed shares and domestic unlisted shares may be implemented separately within 15 months from the date of approval by the securities regulatory authority of the State Council.

**Article 18** If the Company offers overseas listed shares and domestic unlisted shares separately within the total number of shares specified in the offering plan, each offering shall be fully subscribed for in one time. If special circumstances make it impossible for each offering to be fully subscribed for in one time, the shares may be offered in separate offerings, subject to the approval of the securities regulatory authority of the State Council.

**Article 19** The overseas listed shares listed in Hong Kong Stock Exchange issued by the Company are referred to as H shares. The par value of H shares is listed in RMB, subscribed for and traded in Hong Kong dollars.

**Article 20** The Company issued a total of 258.267 million ordinary shares, which were subscribed for and held by the Company's promoters upon the entire conversion into a joint stock company with limited liability, among the which:

RiseSun Real Estate Development Co., Ltd. subscribed and held 235.527 million shares, accounting for 91.20% of the total number of ordinary shares issued of the Company upon the entire conversion;

Hebei Zhonghong Kaisheng Investment Co., Ltd. subscribed and held 22.74 million shares, accounting for 8.80% of the total number of ordinary shares issued of the Company upon the entire conversion.

**Article 21** Prior to the initial public offering of overseas listed shares, the total number of shares of the Company was 282 million shares while the share capital structure of the Company consists of 282 million ordinary shares, among which 235.527 million shares were held by RiseSun Real Estate Development Co., Ltd.; 22.74 million shares were held by Hebei Zhonghong Kaisheng Investment Co., Ltd. and 23.733 million shares were held by Xianghe Shengyide Commercial Consulting Center (Limited Partner).

Upon the completion of the initial public offering of overseas listed shares, the share capital structure of the Company includes 376 million ordinary shares, among which, 235.527 million shares are held by RiseSun Real Estate Development Co., Ltd.; 22.74 million shares are held by Hebei Zhonghong Kaisheng Investment Co., Ltd., 23.733 million shares are held Xianghe Shengyide Commercial Consulting Center (Limited Partner) and 94 million shares are held by H-share Shareholders.

**Article 22** The registered capital of the Company is RMB376 million.

**Article 23** Unless otherwise provided in national laws, administrative regulations, relevant rules of the securities regulatory authority of the place where the shares of the Company are listed, shares in the Company may be transferred freely and shall be clear of any lien. The transfer of shares of the Company shall be registered with the share registrar appointed by the Company.

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

**Article 24** Based on its business and development needs, the Company may increase its registered capital in accordance with relevant laws, rules and the listing rules of the stock exchange where the shares of the Company are listed and subject to relevant requirements of the Article of Association, by any of the following methods:

- (I) issuing shares to general public;
- (II) private issuance of shares;
- (III) placement of new shares to existing shareholders;
- (IV) allotment of new shares to existing shareholders;
- (V) conversion of capital reserve to share capital;
- (VI) other means permitted by laws and administrative regulations and approved by relevant regulatory authorities.

If the Company is to increase its capital by an issuance of new shares, it shall do so by the procedure provided for in relevant laws, administrative regulations, the listing rules of the stock exchange where the shares of the Company are listed after such an increase has been approved in accordance with the Articles of Association.

**Article 25** In accordance with the Articles of Association, the Company may reduce its registered capital. If the Company reduces its registered capital, it shall do so by the procedures provided for in relevant laws, regulations and the listing rules of the stock exchange where the shares of the Company are listed and the Articles of Association.

**Article 26** If the Company is to reduce its registered capital, it must prepare a balance sheet and a list of its property.

The Company shall notify its creditors within 10 days from the date of adoption of the resolution to reduce its registered capital and publish a public announcement of the resolution in newspapers within 30 days and post the same on its website and the website of the relevant stock exchange in accordance with the requirements of the place where the Company's shares are listed. Creditors shall, within 30 days of receiving written notice, or within 45 days of the date of the public announcement for those who have not received written notice, be entitled to require the Company to pay its debts in full or to provide a corresponding security for repayment.

**Article 27** The Company may, in the following circumstances, repurchase its own outstanding shares by the procedures provided for in laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the shares of the Company are listed and the Articles of Association:

- (I) to reduce the registered capital of the Company;
  - (II) to merge with other companies that hold shares in the Company;
  - (III) to use the shares for employee shareholding schemes or as share incentives;
  - (IV) to acquire the shares of shareholders (upon their request) who vote against to any resolution adopted at general meetings on the merger or division of the Company;
  - (V) to use the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the Company;
  - (VI) to safeguard corporate value and shareholders' equity as the Company deems necessary;
- or
- (VII) other circumstances permitted by laws, administrative regulations and approved by regulatory authorities.

**Article 28** The Company shall, in the event of repurchase of the Company's shares due to reasons stated in items (I) and (II) of Article 27 of this Articles of Association, be subject to the resolution on the general meeting; the Company may, in the circumstances of repurchase of the Company's shares due to reasons set out in items (III), (V), (VI) of Article 27 of this Articles of Association, comply with the requirements of this Articles of Association or authorization by the general meeting, be subject to the resolution by more than two-third of the directors present in the Board meeting. If the Company purchases its shares in accordance with the circumstances stated in item (I) of Article 27, the shares shall be cancelled within 10 days from the date of acquisition; or transferred or cancelled within six months in case of items (II) and (IV); or in case of items (III), (V) and (VI) of Article 27, the total number of shares held by the Company shall not exceed ten percent of its total issued shares in case of items (III), (V) and (VI) of Article 27 and such shares shall be transferred or cancelled within three years. If the Company repurchases its shares for the reasons set out in items (III), (V) or (VI) of Article 27, the repurchase shall be conducted through public and centralized trading.

Where the Company cancels its shares as a result of share repurchases, it shall within the period required by laws and administrative regulations to make an application to its original registration authority to modify the registration on its registered capital. The amount of the Company's registered capital shall be reduced by the aggregate par value of those shares cancelled.



**Article 29** The Company may repurchase shares of the Company by any of the following methods due to reasons set out in items (I),(II), (IV) or (VII) of Article 27 having been approved by the competent authority:

- (I) issuance to all of the shareholders of a repurchase offer on the same proportion basis;
- (II) repurchase through open transactions on a stock exchange;
- (III) repurchase by agreements outside a stock exchange;
- (IV) other means as permitted by laws, administrative regulations and the listing rules of the stock exchange where the shares of the Company are listed and approved by relevant competent authorities.

**Article 30** If the Company is to repurchase shares by agreements outside a stock exchange, prior approval shall be obtained at general meeting in accordance with the Articles of Association. Upon prior approval by the general meeting obtained in the same manner, the Company may terminate or vary a contract concluded in the manner set forth above or waive any of its rights under such contract.

For the purposes of the preceding paragraph, “contracts for the repurchase of shares” shall include but not be limited to agreements whereby repurchase obligations are undertaken and repurchase rights are acquired.

The Company may not transfer a contract for the repurchase of its own shares or any of its rights thereunder.

**Article 31** The Company shall not accept its shares being held as security under a pledge.

**Article 32** Unless the Company has already entered the liquidation stage, it must comply with the following provisions in repurchasing its outstanding shares:

- (I) if the Company repurchases shares at their par value, the amount thereof shall be deducted from the book balance of distributable profit of the Company and from the proceeds of the new shares offer made to repurchase the old shares;
- (II) if the Company repurchases shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profit of the Company and from the proceeds of the new shares offer made to repurchase the old shares; and the portion in excess of the par value shall be handled according to the following methods:

1. if the shares being repurchased were issued at their par value, the amount shall be deducted from the book balance of distributable profit of the Company;
  2. if the shares being repurchased were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit of the Company and the proceeds of the new share offer made to repurchase the old shares, provided that the amount paid out of the proceeds of the new share offer shall not exceed the aggregate of the premiums received on the issue of the old shares repurchased nor shall it exceed the amount in the Company's premium account (or capital reserve account) (including the premiums from the new share offer) at the time of the repurchase;
- (III) the Company shall make payments for the following applications out of the Company's distributable profits:
1. acquisition of the right to repurchase its own shares;
  2. modification of any contract for the repurchase of its shares;
  3. release from any of its obligations under a repurchase contract.
- (IV) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with relevant regulations, the amount deducted from the distributable profit for payment of the par value of the repurchased shares shall be credited to the Company's premium account (or capital reserve account).
- (V) With respect to redeemable shares which the Issuer has the right to repurchase,
1. if the repurchase is to be made in a manner other than through the market or by tender, the repurchase price must be limited to a maximum price; and
  2. if the repurchase is to be made by tender, tenders shall be available to all shareholders alike.

## **Chapter 5 Financial Assistance to Acquire Shares of the Company**

**Article 33** Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to buyers or prospective buyers of shares of the Company. Buyers of shares of the Company as referred to above shall include persons that directly or indirectly assume obligations as a result of acquiring shares of the Company.

Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to the above obligors in order to reduce or release them from their obligations. The provisions of this Article shall not apply to the circumstances described in Article 35 of this Article of Association.

**Article 34** For the purposes of this Chapter, the term “financial assistance” shall include but not be limited to financial assistance in the forms set forth below:

- (I) gift;
- (II) security (including the assumption of liability or the provision of property by the guarantor to secure the performance of obligations by the obligor), indemnity (not including, however, indemnity arising from the Company’s own fault), release or waiver of any rights;
- (III) provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled before the fulfillment of obligations of the other party to the contract, or a change in the parties to, or the assignment of rights under, such loan or contract;
- (IV) any other form of financial assistance given by the Company when the Company is insolvent or has no net asset or when its net assets would thereby be reduced significantly.

The expression “assuming obligations” referred to in this Chapter includes the assuming of obligations by the changing of the obligor’s financial position by way of a contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

**Article 35** The acts listed below shall not be regarded as acts prohibited under Article 33 of this Article of Association:

- (I) the provision of financial assistance by the Company where the financial assistance is provided in good faith in the interests of the Company and the principal purpose of which is not for the acquisition of shares in the Company, or where the provision of financial assistance is an incidental part of certain overall plan of the Company;
- (II) the lawful distribution of the Company’s properties by way of dividends;
- (III) the allotment of bonus shares as dividends;
- (IV) a reduction of registered capital, buyback of shares or adjustment of the shareholding structure effected in accordance with the Articles of Association;
- (V) the provision by the Company of a loan within its scope of operation and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of its distributable profit);
- (VI) the monetary contribution by the Company to the employee share option schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of its distributable profit).

## **Chapter 6 Share Certificates and Register of Members**

**Article 36** The share certificates of the Company shall be in registered form.

Besides the items provided in the Company Law, the share certificates of the Company shall also contain other items required to be specified by the stock exchange where the shares of the Company are listed.

During the period when the overseas listed shares are listed on the stock exchange where the shares of the Company are listed, the Company shall at any time ensure that all of the listing documents and the share certificates of the overseas listed shares contain the following statements, and shall instruct and procure the shares registrars not to register any subscription, purchase or transfer of share in the name of any individual holder unless and until he/she submits such properly executed forms in respect of these shares to the share registrars which shall include the following statements:

- (I) the buyer 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 the Company Law, other relevant laws, administrative regulations, Special Provisions and the Articles of Association;
- (II) the buyer of the shares agrees with the Company, each shareholder, director, supervisor, and senior management members of the Company and the Company acting for itself and for each director, supervisor, and senior management members agrees with each shareholder to refer disputes and claims of rights arising from any rights or obligations conferred by the Articles of Association or the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award; such arbitration shall be final and conclusive;
- (III) the buyer of the shares agrees with the Company and each of its shareholders that the shares of the Company can be transferred freely by its holders;
- (IV) the buyer of the shares authorizes the Company to conclude the contract on his/her behalf with each director and senior management members, and such director and senior management members shall undertake to observe and fulfill their duties for shareholders as specified in the Articles of Association.

**Article 37** The shares of the Company may be transferred, given as a gift, inherited and pledged in accordance with relevant laws, administrative regulations, and the Articles of Association.

**Article 38** Share certificates shall be signed by the Chairman. Where the signatures of other senior management members of the Company are required by the stock exchange where the shares of the Company are listed, other relevant senior management members shall also sign on the share certificates. The share certificates shall become effective after being affixed or imprinted with the corporate seal. The share certificates shall only be affixed or imprinted with the corporate seal under the authorization of the Board. The signatures of the Chairman or other relevant senior management members of the Company on the share certificates may also be in printed form.

Where the issuance and trading of the shares of the Company are in non-paper form, relevant provisions enacted separately by the securities regulatory authorities, stock exchange where the shares of the Company are listed shall be applicable.

### **Article 39**

**Article 41** The Company shall keep a complete register of members. The register of members shall include the following parts:

- (I) the register(s) of shareholders kept at the Company's domicile other than those specified in items (II) and (III) of this Article;
- (II) the register(s) of holders of overseas listed shares kept in the place(s) of the overseas stock exchange(s) where such shares are listed;
- (III) the register(s) of shareholders kept in other places as the Board may decide and consider necessary for listing purposes.

**Article 42** The various parts of the register of members shall not overlap with each another. The transfer of shares registered in a certain part of the register of members shall not, during the continuance of the registration of such shares, be registered in any other part of the register of members.

Changes and corrections to each part of the register of members shall be carried out in accordance with the laws of the places where each part of the register of members is kept.

**Article 43** All transfers of overseas listed shares shall be effective with a written instrument of transfer in general or ordinary format or such other format (including the standard transfer form or registration form required by the stock exchange where the shares of the Company are listed from time to time) as acceptable to the Board. The written instrument of transfer may be signed by hand, or be affixed with a corporate seal if the transferor or transferee is a company. If the transferor or transferee of the Company's shares is a recognized clearing house as defined by laws of Hong Kong or an agent thereof, the signature on the written instrument of transfer may be signed in mechanically-printed form. All instruments of transfer must be kept at the legal address of the Company or other place as may be designated by the Board from time to time.

The Board may refuse to recognize any instrument of transfer without giving any reason unless such transfer is carried out in compliance with the following conditions:

- (I) payment of HK\$2.5 per instrument of transfer or the higher charge as agreed at such time by the Hong Kong Stock Exchange has been made to the Company for the purpose of registering the instrument of transfer and other documents relating to or which may affect the title to the shares;
- (II) the instrument of transfer only involves overseas listed shares listed in Hong Kong;
- (III) the stamp duty payable on the instrument of transfer as required by laws of Hong Kong has been paid;
- (IV) relevant share certificates and evidence that the transferor has the right to transfer such shares as reasonably required by the Board have been provided;
- (V) if the shares are to be transferred to joint holders, the number of registered joint holders may not exceed four; and
- (VI) the relevant shares are not encumbered by any company lien.

**Article 44** The shares of the Company held by the promoters shall not be transferred within one year from the date of establishment of the Company.

The directors, supervisors and senior management members of the Company shall report to the Company the shares of the Company held and the changes in their shareholdings. During his/her term of service, he/she should not transfer more than 25% of the total number of shares of Company held each year. Any of them should not transfer the shares of the Company held within half a year upon departure from the Company.

**Article 45** Subject to the approval of the securities regulatory authority of the State Council, holders of domestic shares/domestic unlisted shares of the Company may transfer all or part of their shares to foreign investors and have the shares listed and traded overseas upon approval of the overseas stock exchange. All or part of the domestic shares/domestic unlisted shares may be converted into overseas listed shares which may be listed or traded on the overseas stock exchange. The listing and trading of the above shares on the overseas stock exchange shall also comply with the regulatory procedures, regulations and requirements of the overseas securities market. The conversion and/or assignment as well as the listing and trading on any overseas stock exchange of the above shares do not require the voting at the general meeting or the meeting of any class of shares. The domestic shares/domestic unlisted shares, upon conversion into overseas listed shares, shall belong to the same class of shares as the original overseas listed shares.

**Article 46** Where a period of book closure prior to the convening of general meetings or the record date for the determination of the Company's dividend distribution is provided for under laws, administrative regulations, departmental rules, normative documents and by relevant stock exchanges or regulatory authorities of the places where the shares of the Company are listed, such provision shall prevail.

**Article 47** When the Company convenes a general meeting, distributes dividends, enters into liquidation and engages in other activities that require determination of shareholdings, the Board shall determine a specific date as equity determination date, registered shareholders at the end of which shall be the shareholders of the Company.

**Article 48** Any person who objects to the register of members and requests to have his/her name included in or removed from the register of members may apply to the court having jurisdiction for rectification of the register of members.

**Article 49** Any shareholder who is registered in, or any person who requests to have his/her name (title) entered into, the register of members may apply to the Company for issuance of a replacement share certificate in respect of such shares (the "relevant shares") if his/her share certificate (the "original share certificate") is lost.

Applications for the replacement of share certificates from holders of domestic shares/domestic unlisted shares who have lost the share certificates or have had the same stolen or damaged, shall be handled in accordance with relevant provisions of the Company Law.

Applications for the replacement of share certificates from holders of overseas listed shares who have lost the same may be handled in accordance with the laws, stock exchange rules or other relevant regulations of the place where the original of the register of members of overseas listed shares is kept.



Where a holder of overseas listed shares who has lost his/her share certificate applies for replacement thereof, such replacement shall comply with the following requirements:

- (I) the applicant shall submit the application in the standard form designated by the Company accompanied by a notarial certificate or statutory declaration; the notarial certificate or statutory declaration shall include the applicant's reason for the application, the circumstances and evidence of the loss of the share certificate and a declaration that no other person may request registration as a holder in respect of the relevant shares.
- (II) the Company shall not have received any declaration requesting registration as a holder in respect of the shares from any person other than the applicant before it decides to issue a replacement share certificate.
- (III) if the Company decides to issue a replacement share certificate to the applicant, it shall publish a public announcement of its intention to do so in the newspapers or periodicals designated by the Board; the period of the public announcement shall be 90 days, during which its publication shall be repeated at least once every 30 days; the newspapers or periodicals designated by the Board shall be the newspapers or periodicals recognized by the stock exchange of where the shares of the Company are listed.
- (IV) before publishing the public announcement of its intention to issue a replacement share certificate, the Company shall submit a copy of the announcement to be published to the stock exchange where the shares of the Company are listed and may proceed with publication after having received a reply from the stock exchange confirming that the announcement has been displayed in the stock exchange where the shares of the Company are listed; the announcement shall be displayed in the stock exchange where the shares of the Company are listed for a period of 90 days. If the application for issuance of a replacement share certificate was made without the consent of the registered holder of the relevant shares, the Company shall mail to such shareholder a photocopy of the public announcement that it intends to publish.
- (V) if, at the expiration of the 90-day periods provided for in items (III) and (IV) hereof, the Company has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate in accordance with the application of the applicant.
- (VI) when the Company issues a replacement share certificate under this Article, it shall immediately cancel the original share certificate and record such cancellation and the issuance of the replacement share certificate in the register of members.
- (VII) all expenses incurred by the Company for the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant has provided reasonable security.



**Article 50** After the Company has issued a replacement share certificate in accordance with the Article of Association, it may not delete from the register of members the name of a bona fide buyer of the replacement share certificate mentioned above or of a shareholder that is subsequently registered as the owner of the shares (provided that he/she is a bona fide buyer).

**Article 51** The Company shall not be liable for damages in respect of any damage suffered by any person from the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the claimant can prove fraud on the part of the Company.

## **Chapter 7 Rights and Obligations of Shareholders**

**Article 52** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name (title) is recorded in the register of members.

A shareholder shall enjoy relevant rights and assume relevant obligations in accordance with the class and number of shares held. Shareholders holding the same class of shares shall enjoy the equal rights and assume the same obligations.

Holders of each class of shares of the Company shall enjoy equal rights in any distribution of dividends or otherwise.

Where the shareholder of the Company is a legal person, its legal representative, the agent of its legal representative or a person authorized by the resolution of the Board or other decision-making authorities shall exercise its rights on its behalf.

**Article 53** Holders of the ordinary shares of the Company shall enjoy the following rights:

- (I) the right to dividends and other profit distributions in proportion to the number of shares held;
- (II) the right to propose, convene and preside over, to attend or appoint proxies to attend general meetings and to exercise the voting right in accordance with law in proportion to the number of shares held;
- (III) the right to supervise, suggest or raise enquiries about the Company's business operations;
- (IV) the right to transfer, give as a gift or pledge the shares held in accordance with laws, administrative regulations and the Articles of Association;

- (V) the right to obtain relevant information in accordance with the Articles of Association, including:
1. obtaining a copy of the Articles of Association, subject to payment of cost;
  2. The right to inspect and make a copy, subject to a payment of a reasonable fee:
    - (1) All parts of the register of members;
    - (2) Personal particulars of the directors, supervisors, general manager, and other senior management members of the Company, including:
      - (a) present and former name or alias;
      - (b) principal address (place of domicile);
      - (c) nationality;
      - (d) full-time and all other part-time occupations and positions;
      - (e) identity document and its number.
    - (3) the status of the Company's share capital;
    - (4) reports showing the aggregate value, amount, the maximum and minimum prices paid in respect of each class of its shares bought back by the Company since the end of the last accounting year, and the total fees paid by the Company for this purpose;
    - (5) minutes of general meetings (for shareholder's review only);
- (VI) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held;
- (VII) such other rights conferred by laws, administrative regulations, departmental rules and the Articles of Association.

If a shareholder asks to review the information mentioned in the preceding Article or makes a request for information, he/she shall submit to the Company written documents evidencing the class and number of shares of the Company held. The Company shall provide the same as requested by the shareholder after authenticating his/her identity.

**Article 54** Holders of ordinary shares of the Company shall have the following obligations:

- (I) to abide by the Articles of Association;
- (II) to pay the share subscription price based on the shares subscribed for and the method of acquiring such shares;
- (III) to assume other obligations required by laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange where the shares of the Company are listed and the Articles of Association.

Shareholders shall not be liable to make any further contributions to the share capital other than according to the terms agreed by the subscribers of the shares at the time of share subscription, unless otherwise specified.

**Article 55** In addition to obligations imposed by laws, administrative regulations, and the listing rules of the stock exchange where the shares of the Company are listed, a controlling shareholder, when exercising his/her right as a shareholder, shall not make any decision in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders as a result of exercising his/her voting rights:

- (I) to waive a director or supervisor of his/her responsibility to act genuinely in the best interests of the Company;
- (II) to approve the expropriation by a director or supervisor (for his/her own benefits or for the benefits of another person), in any way, of the Company's properties, including but not limited to any opportunities favorable to the Company;
- (III) to approve the expropriation by a director or supervisor (for his/her own benefits or for the benefits of another person) of personal rights of other shareholders, including but not limited to rights to distributions and voting rights save pursuant to a corporate restructuring tabled at a general meeting for approval in accordance with the Articles of Association.

**Article 56** "Controlling shareholder" referred in the Articles of Association means a person that satisfies any of the following conditions:

- (I) he/she, acting alone or in concert with others, has the power to elect at least one half of the directors;
- (II) he/she, acting alone or in concert with others, has the power to exercise or to control the exercise of, over 30 percent (30 percent inclusive) of the Company's voting rights;
- (III) he/she, acting alone or in concert with others, holds over 30 percent (30 percent inclusive) of the outstanding shares of the Company;
- (IV) he/she, acting alone or in concert with others, actually controls the Company in any other manner.

## **Chapter 8 General Meeting**

**Article 57** The general meeting shall be the organ with authority of the Company and shall exercise its functions and powers in accordance with the law.

**Article 58** The general meeting shall exercise the following functions and powers:

- (I) to decide on the operating approach and investment plans of the Company;
- (II) to elect and replace directors and non-employee representative supervisors to decide on matters relating to their remuneration;
- (III) to consider and approve reports of the Board;
- (IV) to consider and approve reports of the Supervisory Committee;
- (V) to consider and approve the annual financial budgets and final accounts of the Company;
- (VI) to consider and approve the profits distribution plans and loss recovery plans of the Company;
- (VII) to make resolutions on increasing or reducing the registered capital of the Company;
- (VIII) to make resolutions on the issuance of corporate bonds;
- (IX) to make resolutions on the merger, division, dissolution, liquidation or change in corporate form of the Company;
- (X) to amend the Articles of Association;
- (XI) to consider proposals put forward by shareholder(s) individually or jointly holding more than 3% of the shares of the Company carrying voting rights;
- (XII) to decide on the engagement, renewal and dismissal of accounting firms;
- (XIII) to consider matters relating to the acquisition and disposal of material assets or guarantee amounts of more than 25% (25% inclusive) of the latest audited total assets of the Company, within one year;
- (XIV) other matters that required to be resolved by the general meeting as prescribed by laws, administrative regulations, departmental rules and the Articles of Association;
- (XV) other matters that required to be resolved by the listing rules of the stock exchange where the shares of the Company are listed.

**Article 59** The Company shall not conclude any contract with any person other than a director, a supervisor, a general manager or other senior management members whereby such person is put in charge of the management of the whole or a substantial part of the Company's business without the approval of the general meeting.

**Article 60** General meetings include annual general meetings and extraordinary general meetings. General meetings shall be convened by the Board. Annual general meetings shall be convened once a year and within 6 months after the end of the preceding accounting year.

The extraordinary general meeting should be convened whenever necessary. The Board shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

- (I) the number of directors is less than the number provided for in the Company Law or less than 2/3 of the number prescribed in the Articles of Association;
- (II) when the unrecovered loss of the Company reaches 1/3 of the total paid-in capital;
- (III) such is requested in writing by shareholder(s) individually or jointly holding over ten per cent of the shares of the Company;
- (IV) the Board considers it necessary or the Supervisory Committee proposes that such a meeting shall be held;
- (V) more than two independent non-executive directors propose that such a meeting shall be held;
- (VI) other circumstances as specified by the laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the shares of the Company are listed and the Articles of Association.

The number of shares held mentioned in item (III) above shall be calculated as the number of shares held as of the close of the date or, if it falls on a non-trading date, the previous trading date on which such shareholders request to convene the meeting in writing.

**Article 61** Shareholders requesting the convening of an extraordinary general meeting or a class shareholders' meeting shall do so by the procedure set forth below:

- (I) shareholder(s) individually or jointly holding at least 10% (10% inclusive) of the shares carrying voting rights on the meeting sought to be held may sign one or more written requests of identical form and substance requesting that the Board convene an extraordinary general meeting or a class shareholders' meeting and stating the subject to be discussed at the meeting; the Board shall convene the extraordinary general meeting or the class shareholders' meeting as soon as possible after having received the aforementioned written request; the number of shares held mentioned above shall be calculated as of the day on which the written request is made by the Shareholders.

- (II) if the Board fails to issue a notice to convene such meeting within 30 days after having received the aforementioned written request, the shareholders who made such request may ask the Supervisory Committee to convene extraordinary general meeting or a class shareholders' meeting.
- (III) If the Supervisory Committee fails to issue a notice to convene such meeting within 30 days after having received the aforementioned written request, shareholders individually or jointly holding over 10% of the shares carrying voting rights on the meetings sought to be held for at least 90 days in succession may convene the meeting on their own within four months after the Board received the request. The procedure according to which they convene such meeting shall, to the extent possible, be identical to the procedure according to which general meetings are to be convened by the Board.

If shareholders convene and hold a meeting on their own because the Board and the

**Article 64** Unless specified in the Articles of Association, the notice of the general meeting shall be delivered by hand or prepaid mail to the shareholders (whether or not such shareholders have voting rights at the general meeting). The address of the recipient shall be the address registered in the register of members. For holders of domestic shares/domestic unlisted shares, notice of the general meeting may also be issued by way of public announcement. The announcement referred to in the preceding paragraph, should be released 20 business days prior to an annual general meeting or 10 business days or 15 days (whichever is longer) prior to an extraordinary general meeting in one or more the newspapers or periodicals designated by the securities regulatory authority under the State Council. All holders of domestic shares/domestic unlisted shares shall be deemed to have received such notice upon the publication of such notice. The notice of a general meeting shall:

- (I) be made in writing;
- (II) specify the time, place and date of the meeting;
- (III) explain the matters to be discussed at the meeting;
- (IV) provide to the shareholders the information and explanations necessary for them to make informed decisions on the matters to be discussed; such principal includes but not limit to when the Company proposes a merger, buyback of shares, restructure of share capital or other reorganization, it shall provide the specific conditions and contract (if any) of the transaction contemplated and earnestly explain the cause and effect of the transaction;
- (V) contain a disclosure of the nature and extent of the material interests that any director, supervisor, the general manager or other senior management members has in any matter to be discussed; and an explanation of the difference between the way in which the matter to be discussed would affect such director, supervisor, the general manager or other senior management members in his/her capacity as shareholder and the way in which such matter would affect other shareholders of the same class;
- (VI) contain the full text of any special resolution proposed to be approved at the meeting;
- (VII) contain a clear statement that shareholders entitled to attend and vote have the right to appoint one or more proxies to attend and vote on their behalf and that such proxy needs not be a shareholder of the Company;
- (VIII) state the time and place for serving the instruments of appointing the voting proxy at the meeting.

**Article 65** The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting.

**Article 66** Any shareholder entitled to attend and vote at the general meeting shall have the right to appoint one or more persons (who need not be shareholders of the Company) as his/her proxies to attend and vote on his/her behalf. Such proxy may exercise the following rights in accordance with his/her appointment by the shareholder:

- (I) the shareholders' right to be heard at the general meeting;
- (II) the right to demand or join in the demand for a ballot;
- (III) the right to vote by show of hands or by poll, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by poll.

**Article 67** Shareholders shall appoint their proxies by written instruments, which shall be signed by the principals or their agents appointed in writing. If the principal is a legal person, the instrument shall be under the seal of the legal person or signed by its director(s) or duly authorized agent(s).

**Article 68** The instrument appointing a voting proxy shall be deposited at the domicile of the Company or at such other place as specified in the notice of the meeting within 24 hours prior to the meeting at which the proxy is authorized to vote or 24 hours prior to the specified time of the vote. If the instrument is signed by another person authorized by the principal, the power of attorney or other document authorizing the signature shall be notarized. The notarized power of attorney or other authorizing document shall be deposited together with the instrument appointing the voting proxy at the domicile of the Company or at such other place as specified in the notice of the meeting.

If the principal is a legal person, its legal representative or the person authorized by a



**Article 70** If the principal is dead, becomes incapable, revokes the appointment, revokes authorization for signing the power of attorney or the relevant shares have been transferred before the voting, as long as the written notice on such matters is not received by the Company before the commencement of the relevant meeting, the votes made by the shareholder proxy according to the power of attorney remain effective.

**Article 71** A general meeting shall be convened by the Chairman and he/she shall act as the chairman of the meeting. If the Chairman is unable or fails or to perform his/her duties, a director jointly elected by more than one half of the directors shall convene the meeting and act as the chairman of the meeting; if the chairman of the meeting has not been designated, those shareholders attending the meeting may elect a member to act as the chairman; if for any reason, the shareholders are unable to elect a chairman, the shareholder (or his/her proxy) holding the largest number of shares carrying voting rights attending the meeting shall act as chairman of the meeting.

At a general meeting convened by the Supervisory Committee on its own, the chairman of the Supervisory Committee shall preside. If the chairman of the Supervisory Committee is unable or fails to perform his/her duties, the meeting shall be presided over by the supervisor jointly elected by more than one half of the supervisors.

If a general meeting is convened by a shareholder himself or shareholders themselves, the meeting shall be presided over by the representative selected by the convener(s).

When a general meeting is held, if the chairman of the meeting violates the rules of procedure, making continuance of the general meeting impossible, with the consent of shareholders holding more than one half of the voting rights present at the meeting, the general meeting may elect a person to serve as chairman of the meeting and the meeting shall continue. If, for any reason, the shareholders are unable to elect the chairman of the meeting, the shareholder (including his/her proxy) attending the meeting who holds the greatest number of shares carrying voting rights shall serve as the chairman of the meeting.

**Article 72** Resolutions of the general meeting are divided into ordinary resolutions and special resolutions.

Ordinary resolutions of the general meeting shall be approved by at least one half of the shareholders in attendance (including proxies) holding the voting rights.

Special resolutions of the general meeting shall be approved by over two-thirds of the shareholders in attendance (including proxies) holding the voting rights.

**Article 73** When a shareholder (or a proxy) casts a vote on the general meeting by exercising his/her voting rights based on the number of shares carrying voting rights which he/she represents, each share shall entitle him or her to one vote. However, no voting rights shall attach to the shares of the Company held by the Company, and such portion of shares shall not be counted among the total number of shares carrying voting rights present at a general meeting.

Where any shareholder, under applicable laws and regulations and the listing rules of the stock exchange where the shares of the Company are listed, is required to abstain from voting on any particular matter being considered or restricted to voting only for or only against any particular matter being considered, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 74** Any vote of shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution that relates purely to a procedural or administrative matter to be voted on by a show of hands.

When a vote by a show of hands is requested, the chairman of the meeting may declare the result of a proposal put to vote on a show of hands, which shall be recorded into the minutes of meeting as a final basis. In such a case, the number of positive votes or negative votes or their proportion, is not provided in the proposals passed at the general meeting.

A demand for a poll may be withdrawn by the person who made the demand.

**Article 75** A poll demanded on such matters as the election of chairman or the termination of the meeting shall be taken immediately. A poll demanded on any other matters shall be taken at such time as the chairman may decide, and the meeting may proceed to discuss other matters. The results of the poll to be taken shall still be deemed to be an approved resolution of that meeting.

**Article 76** On a poll taken, a shareholder (including a proxy) entitled to two or more votes needs not cast all his/her votes in the same way.

In the case of an equality of votes for and against, either by show of hands or by poll, the chairman of the meeting shall have a casting vote.

**Article 77** The following matters shall be passed by ordinary resolutions at the general meeting:

- (I) work reports of the Board and the Supervisory Committee;
- (II) plans for the distribution of profits and for recovery of losses proposed by the Board;
- (III) the election and removal of the members of the Board and the Supervisory Committee (except for staff representative supervisors) and their remuneration;
- (IV) the annual financial budget and final account report, balance sheet, profit and loss statement and other financial statement of the Company;
- (V) the decision on engagement, re-appointment or termination of the accounting firms;
- (VI) the purchase or disposal of material assets or that of the guarantee amounts accounting for over 25% (25% inclusive) but not more than 30% (30% inclusive) of the Company's latest audited total assets within a year;
- (VII)

**Article 78** The following matters shall be passed by special resolution at general meeting:

- (I) the increase or reduction of the share capital by the Company;
- (II) the issuance of corporate bonds by the Company;
- (III) the division, merger, dissolution and liquidation of the Company;
- (IV) change in the corporate form of the Company;
- (V) the purchase or disposal of material assets or that of the guarantee amounts accounting for over 30% (30% not included) of the Company's latest audited total assets within a year;
- (VI) the amendment of the Articles of Association;
- (VII) other matters required by laws, administrative regulations or the Articles of Association and those that the general meeting by way of an ordinary resolution concluded that may have a material impact on the Company and require adoption by way of a special resolution;
- (VIII) other matters which need to be adopted by special resolutions as required by the listing rules of the stock exchange where the Company's shares are listed.

**Article 79** The general meeting requires the directors, supervisors and senior management members of the Company shall attend the meeting as non-voting participants and accept any inquiries by shareholders. The directors, supervisors and senior management members who attend the meeting or attend the meeting as non-voting participants shall make replies or explanation in respect of inquiries of shareholders at the general meeting, except for those matters in relation to business secrets of the Company which cannot be made public.

**Article 80** The chairman of the meeting shall announce the voting results of each proposal on the meeting and announce whether or not such proposal is passed according to the voting results. The chairman of the meeting shall decide whether or not a resolution of the general meeting is passed according to the voting results. His/Her decision shall be final and shall be announced at the meeting and recorded in the minutes of the meeting.

**Article 81** The method of, and procedure for, nominating directors and supervisors (except employee representative supervisors) to be elected at the general meeting are as set forth below:

- (I) Except putting forward a proposal on the election of director candidate in accordance with the Articles of Association by shareholder(s) individually or jointly holding more than 3% of the shares, directors, supervisors may, to the extent of the number of persons specified in the Articles of Association, propose a list of recommended director and supervisor candidates consistent with the number of persons to be elected, and submit the same to the Board and the Supervisory Committee for review; once the Board and the Supervisory Committee have conducted its review and adopted a resolution determining the director and supervisor candidates, it shall bring the same before the general meeting in the form of a written proposal.
- (II) the written notices of the intention to nominate director or non-employee representative supervisor candidates and of the nominees indicating their willingness to accept the nomination as well as relevant written materials on the nominees shall be dispatched to the Company at least 7 days before the date of the general meeting (the 7-day notice period shall commence from the date no earlier than the second date of issuance of the notice of the meeting for the election and end no later than 7 days before the convening of the general meeting); the Board or the Supervisory Committee shall provide to the shareholders the resumes and basic particulars of the director or supervisor candidates.
- (III) the period accorded to the Company to nominate director or non-employee representative supervisor candidates and to the nominees to submit the aforementioned notices and documents shall not be less than 7 days (commencing from the day immediately following the date of issuance of the notice of the general meeting).
- (IV) the general meeting votes on each of the director or supervisor candidates.
- (V) if the need arises for an additional or replacement director or supervisor at short notice, the same shall be proposed by the Board or the Supervisory Committee, recommending that the general meeting elect or replace the same.

**Article 82** If the chairman of the meeting has any doubts concerning the result of the vote on any resolution, he/she may organize a recount of the number of votes cast. If the chairman of the meeting does not conduct a recount of the votes and an attending shareholder or proxy challenges the result of a vote announced by the chairman of the meeting, he/she has the right to demand a vote recount immediately following the announcement of the result, in which case the chairman of the meeting shall promptly organize a recount of the votes.

**Article 83** If a vote recount is conducted at a general meeting, the result thereof shall be recorded in the minutes of the meeting.

The minutes of meetings together with the sign-in register of attending shareholders and the instruments of appointment of proxies shall be kept at the Company's domicile.

Shareholders may have free access to copies of the minutes during office hours of the Company. Any shareholder shall also have the right to obtain a copy of the minutes. The Company shall send out the copy within seven days upon receipt of a reasonable fee.

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

**Article 84** Shareholders that hold different classes of shares shall be class shareholders.

Class shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations and the Articles of Association.

Where the share capital of the Company includes shares without voting rights, the words “non-voting” shall appear in the designation of such shares.

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

**Article 85** If the Company intends to vary or abrogate rights of class shareholders, it may do so only after such variation or abrogation has been approved by way of a special resolution at the general meeting and by a separate class shareholders’ meeting convened by the affected class shareholders in accordance with Articles 87 to 91 of the Articles of Association.

Neither the approval of the general meeting or a class shareholders’ meeting shall be required if a variation or abrogation of the rights of class shareholders arises due to a change in domestic or foreign laws, administrative regulations or the listing rules of the stock exchange where the shares of the Company are listed, or due to a decision made in accordance with the law by the domestic or foreign regulator.

The transfer of all or part of the shares held by domestic shares or domestic unlisted shares shareholders of the Company to overseas investors for listing and trading abroad, or the conversion of all or part of domestic shares/domestic unlisted shares to the overseas listed foreign shares for listing on overseas stock exchanges, shall not be deemed as the Company’s intention to change or abrogate the rights of the class of shareholders.

**Article 86** Unless otherwise required by laws, administrative regulations and the Articles of Association, the rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following circumstances:

- (I) An increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (II) a conversion of all or part of the shares of such class into shares of another class, a conversion of all or part of the shares of another class into shares of such class or the grant of the right to such change;
- (III) a removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;

- (IV) a reduction or removal of a dividend preference or property distribution preference during liquidation of the Company, attached to shares of such class;
- (V) an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, pre-emptive rights to rights issues or rights to acquire securities of the Company attached to shares of such class;
- (VI) a removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to shares of such class;
- (VII) a creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (VIII) an imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
- (IX) an issuance of rights to subscribe for, or convert into, shares of such class or another class;
- (X) an increase in the rights and privileges of shares of another class;
- (XI) different class shareholders may not bear their pro rata responsibilities due to the reorganization plans of the Company;
- (XII) any amendment or abrogation of the provisions of this Chapter.

**Article 87** Shareholders of the affected class, whether or not having the right to vote at general meeting, shall have the right to vote at class meetings in respect of matters referred to in items (II) to (VIII) and (XI) to (XII) of Article 86 of the Articles of Association, except that interested shareholders shall not have the right to vote at class meetings.

The term “interested shareholders” in the preceding paragraph shall have the following meanings:

- (I) if the Company has made a buyback offer to all shareholders in the same proportion or has bought back its own shares through open market transactions on a stock exchange where the shares of the Company are listed in accordance with Article 29 of the Articles of Association, the controlling shareholders as defined in Article 56 of the Articles of Association shall be “interested shareholders”;
- (II) if the Company has bought back its own shares by an agreement outside of a stock exchange where the shares of the Company are listed in accordance with Article 29 of the Articles of Association, shareholders in relation to such agreement shall be “interested shareholders”;
- (III) under a restructuring plan of the Company, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same class, or shareholders who have an interest in a restructuring plan of the Company that is different from the interest in such restructuring plan of other shareholders of the same class shall be “interested shareholders”.

**Article 88** Resolutions of a class meeting shall be passed only by over 2/3 of the shareholders present at the class meeting carrying voting rights in accordance with Article 87 of the Articles of Association.

**Article 89** A written notice convening a class meeting shall be given within the period which shall be the same as the written notice period of non-class general meeting to be convened together with the class general meeting to notify shareholders whose names appear in the register of members for such class shares of the matters proposed to be considered and the date and place of the meeting.

If there is any requirement by the listing rules of the stock exchange where the shares of the Company are listed. Such requirements shall apply.

The quorum required for a class meeting (other than an adjourned meeting) to change or abrogate the rights of the holders of a class of shares must be at least one-third of the holders of the issued shares of that class.

**Article 90** Notice of class meetings need only be served on shareholders entitled to vote thereat.

Class meetings shall be conducted in a similar way as closely as possible to the procedures for general meetings. The provisions of the Articles of Association relating to the conduct of any general meeting shall apply to any class meeting.

**Article 91** In addition to holders of other class of shares, holders of domestic shares/ domestic unlisted shares and overseas listed shares are deemed to be shareholders of different classes. The special voting procedures for class shareholders shall not apply to the following circumstances:

- (I) the Company, upon the approval by way of a special resolution at the general meeting, issues solely domestic shares or overseas listed shares or both every 12 months, provided that each of the amount of the domestic shares and overseas listed shares intended to be issued accounts not more than 20% of the outstanding shares in issue of the respective class;
- (II) the Company's plan on issuing domestic shares and overseas listed shares at the time of its establishment, which is completed within 15 months upon the date of approval from the securities regulatory authority of the State Council;
- (III) upon approval from the competent securities regulatory authority of the State Council, the shareholders of domestic unlisted shares of the Company transfer all or part of their shares to overseas investors, and list and trade the said shares on foreign stock exchanges or the Company converts all or part of the issued unlisted shares into overseas listed shares.



## **Chapter 10 The Board**

### **Section 1 Directors**

**Article 92** Directors shall be elected and replaced at general meetings and serve a term of three years. A Director may serve consecutive terms if re-elected upon the expiration of his/her term. Any director can be removed before the expiration of his/her term of office by an ordinary resolution passed at a general meeting, subject to full compliance with the relevant laws and administrative regulations. Such removal does not affect the rights of such director to make any claim under any contract.

The term of office of a director shall commence from the date of him/her assuming office until the expiry of the term of the prevailing session of the Board. Where a director has not been timely reelected at the expiry of the term of office, the original director shall perform his/her duties as a director, prior to the assumption by the re-elected director, in accordance with the laws, administrative regulations, departmental rule and the provisions of the Articles of Association.

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

**Article 93** Any director may resign before the expiration of his/her term by submitting a written resignation to the Board. The Board shall disclose relevant information within two days.

Where a director has resigned during the term of office resulting that the number of the members in the Board falls below the quorum, the original director shall perform his/her duties as a director, prior to the assumption by the re-elected director, in accordance with the laws, administrative regulations, departmental rules and the provisions of the Articles of Association.

Other than the circumstances presented in the preceding paragraph, the resignation of directors shall come into effect since the resignation reports are lodged with the Board.

Without violation of relevant laws and regulations and the regulatory rules of the place where the shares of the Company are listed, any director appointed to fill a casual vacancy to the Board shall accept shareholders' election at the first general meeting after acceptance of the appointment.

**Article 94** The Company shall have independent non-executive directors, which makes up at least 1/3 of the Board but must consist of at least three members. Unless otherwise provided in the section, the provisions on the qualifications and obligations of directors in Chapter 14 of the Articles of Association shall apply to the independent non-executive directors. At least one independent non-executive director of the Company shall be a financial or accounting professional. Independent non-executive directors shall be equipped with adequate business or professional experience for competency, honestly fulfil their duties, and protect the interests of the Company, in particular the legitimate rights and interests of public shareholders, to ensure the sufficient representation of the interests of all shareholders. At least one independent non-executive director shall reside in Hong Kong on a regular basis.



## **Section 2 The Board**

**Article 95** The Company shall have a Board of Directors consisting of 7 directors, 1 chairman and 3 independent non-executive directors. Independent non-executive directors may directly report to the general meeting, securities regulatory authority under the State Council and other relevant departments.

The Board shall have one chairman. The chairman shall be elected or removed by more than half of all the directors, shall serve a term of 3 year, and is eligible for re-election.

The term of office of an independent non-executive director shall be three years and is renewable upon re-election, but an independent non-executive director shall be re-elected upon corresponding review procedures in accordance with the listing rules of the stock exchange where the shares of the Company are listed if such director has served in his/her position for more than nine years.

**Article 96** The Board is accountable to the general meetings and exercise the following functions and powers:

- (I) to convene general meetings and report its work to the general meetings;
- (II) to implement resolutions of the general meetings;
- (III) to decide on the Company's business plans and investment plans;
- (IV) to formulate the annual financial budgets and final accounts of the Company;
- (V) to formulate the Company's profit distribution plans and plans on recovering losses;
- (VI) to formulate plans for the increase or reduction of the Company's registered capital and the issuance of corporate bonds;
- (VII) to formulate plans for the Company's merger, division, dissolution, or alteration of corporate form;
- (VIII) to decide on establishment of internal management organizations of the Company;
- (IX) to decide on appointment or dismissal the Company's general manager and secretary to the Board, the appointment or dismissal of the deputy general manager(s) and the chief financial officer of the Company in accordance with the nominations by general manager(s);
- (X) to decide on the remunerations of the senior management members mentioned above;

- (XI) to formulate the basic management system of the Company;
- (XII) to formulate plans to amend the Articles of Association;
- (XIII) to determine investment, acquisition or disposal of assets, financing, connected transactions and other matters, which are required to be determined by the Board, in accordance with the listing rules of the stock exchange where the shares of the Company are listed;
- (XIV) to decide on other material matters of the Company apart from such regulated in the Company Law and the Article of Association, while resolutions related thereto shall be passed at the general meeting;
- (XV) other functions and powers conferred by laws and regulations, the listing rules of the stock exchange where the shares of the Company are listed, the Articles of Association and at general meetings.

Except for the Board resolutions in respect of the matters specified in items (VI), (VII) and (XII) which shall be passed by more than two-thirds of the directors, the rest shall be passed by more than half of the directors.

**Article 97** In cases where the expected value of fixed assets proposed for disposal by the Board, when aggregated with value of fixed assets disposed within four months before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet reviewed by the general meetings, the Board shall not dispose or consent to dispose such fixed assets without prior approval at the general meetings.

The term “fixed assets disposal” referred to in this Article represents (among other things) transferring certain interests in fixed assets, but excludes the provision of guarantees with fixed assets.

The validity of transactions regarding fixed assets disposal by the Company shall not be affected due to a breach of the first item of this Article.

**Article 98** The chairman shall exercise the following powers:

- (I) to preside over the general meeting and to convene and preside over the meetings of the Board;
- (II) to check the implementation of Board resolutions;
- (III) to sign the securities issued by the Company;
- (IV) other functions and powers conferred by the Board.

If the chairman is unable to perform his/her duties, a director jointly elected by at least one-half of the directors shall perform such duties.

When need arises, the Board may authorize the chairman to exercise some powers enjoyed by the Board during the recess of the Board meetings.

**Article 99** Board meetings shall be held regularly at least 4 times a year and shall be convened by the chairman. A written notice of regular Board meeting shall be served to all directors and supervisors at least 14 days in advance.

The chairman shall convene an extraordinary meeting within 10 days after receiving the proposal under the following circumstances:

- (I) proposed by shareholders representing at least 1/10 of the voting rights;
- (II) proposed jointly by at least 1/3 of the directors;
- (III) proposed by the Supervisory Committee.

**Article 100** A notice of regular Board meeting shall be served to all the directors, supervisors and the general manager 14 days in advance in the event of a regular meeting or 3 days in advance in the event of an extraordinary meeting. The responsible body of the Company shall serve a written meeting notice to all the directors and supervisors by direct delivery, fax, express mail or other electronic communication means. If service is made indirectly, confirmation shall be made by telephone and the appropriate record thereof shall be made.

Where an extraordinary Board meeting needs to be convened as soon as possible in emergency, the notice of meeting may be sent by telephone or by other verbal means at any time, but the convener shall make explanations at the meeting.

**Article 101** The meeting notice shall be deemed to be delivered to such director if he/she presents at the meeting and does not raise the issue of the non-receipt of such notice prior to his/her arrival at the meeting or the commencement of the meeting.

The regular or extraordinary Board meetings can be held by conference call or other similar communication equipment, for so long as the attending directors are able to hear clearly other directors' speech at the meeting and to communicate among themselves. All attending directors shall be considered as being present at the meetings.

**Article 102** A Board meeting shall be held only if more than half of the directors (including their proxies) are present.

Each director shall have one vote. A resolution made by the Board must be approved by more than half of all the directors unless otherwise stipulated by laws, administrative regulations and these Articles of Association. When the number of the votes cast against the resolution equals that of in favor of the resolution, the chairman shall be entitled to one additional vote.

Directors, who have material interests in the matters of the resolutions considered in the Board meeting or have connected relationship with the enterprise involved or are under other circumstances specified in other laws and regulations, the directors shall not vote nor vote on behalf of other directors on such resolutions. Such directors shall not be counted into the quorum of the relevant Board meeting. The quorum of such Board meeting shall be more than half of the unconnected directors attending the meeting. The resolutions shall be passed with the consent by over half of the unconnected directors. If the number of unconnected directors who attend the Board meeting is less than three, such resolutions shall be submitted to the shareholders' general meeting for approval.

**Article 103** The directors shall attend the Board meeting in person. If a director is unable to attend the meeting for some reasons, he/she may entrust another director in writing to attend the meeting on his/her behalf, and the scope of authorization shall be specified in the power of attorney.

The director attending the meeting as a proxy shall exercise the rights of the director within the scope of authorization. If a director fails to attend a Board meeting or to appoint a proxy, he/she shall be deemed to have abstained his/her right to vote at that meeting.

**Article 104** Any important matter that shall be resolved by the Board must be notified to all the directors in advance within the time limit specified in these Articles of Association, and sufficient information shall be provided in strict accordance with the relevant procedures. The directors may request additional information. If more than a quarter of the directors or two or more independent non-executive directors consider the information as insufficient or there are other reasons making them unable to make a judgment on relevant matters, they may jointly submit a proposal or postpone the Board meeting or postpone the consideration about some matters on the Board meeting, which shall be adopted by the Board.

**Article 105** Minutes shall be maintained for the decisions on matters considered on the Board meeting by the Board. Both the directors who attend the meeting and the minute-taker shall sign on the minutes. Directors shall undertake the responsibilities for the resolutions of the Board of directors. In the event that any resolution of the Board is in breach of laws, administrative regulations or these Articles of Association, which causes loss of the Company, the directors voting for such resolution shall be held liable for such losses. However, where a director has been proved to have expressed dissenting opinions during voting on such resolution which have been recorded in the meeting minutes, such director may be exempted from such liability.

**Article 106** The Board shall have three special committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee. The composition and rules of procedure of the special committees shall be separately agreed upon by the Board.

## **Chapter 11 Secretary to the Board**

**Article 107** The Company shall have one secretary to the Board. The Secretary to the Board shall be a member of the senior management of the Company.

**Article 108** The secretary to the Board of the Company shall be a natural person who has the requisite professional knowledge and experience, and shall be nominated by the chairman, appointed or dismissed by the Board. His/Her main duties include:

- (I) ensure that the Company has complete organization documents and records;
- (II) act as the liaison officer of the Company with the securities regulatory authorities, be responsible for organizing preparation and timely submission of the reports and documents required by the regulatory authorities as well as accepting and organizing the implementation of any assignment from the regulatory authorities;
- (III) ensure that the share register of the Company is established appropriately and that the persons who have the right of access to the relevant records and documents of the Company obtain the same in due time;

- (IV) be responsible for information disclosure and investor relation management of the Company;
- (V) perform other functions and powers as conferred by the Board as well as other functions and powers as required by the laws, regulations, the Articles of Association, and the stock exchange(s) where the Company's shares are listed.

**Article 109** A director or the senior management members of the Company may serve concurrently as secretary to the Board. The accountants of the accounting firm engaged by the Company and management personnel of controlling shareholders shall not serve concurrently as secretary to the Board.

In the event a director serves concurrently as secretary to the Board, where any act requires to be executed by the director and the secretary to the Board separately, the said director serving concurrently as secretary to the Board shall not execute the said act in both capacities.

## **Chapter 12 General Manager and Other Senior Management Members**

**Article 110** The Company shall have one general manager, who shall be nominated by the chairman and appointed or dismissed by the Board; and the Company shall have several deputy general managers, who shall be nominated by the general manager and appointed or dismissed by the Board. A director may serve concurrently as general manager, deputy general manager or other senior management members.

**Article 111** The general manager may serve a term of three years and may serve consecutive terms upon reappointment.

**Article 112** The general manager shall be accountable to the Board and exercise the following functions and powers:

- (I) manage the business operations of the Company and report to the Board;
- (II) organize the implementation of resolutions of the Board, annual business plans and investment plans of the Company;
- (III) draft the Company's basic management system and plans for the establishment of the internal management structure of the Company;
- (IV) formulate the specific rules of the Company;
- (V) propose to the Board to appoint or dismiss the deputy general manager and financial officer in accordance with these Articles of Association and the relevant internal control system of the Company;
- (VI) to decide to appoint or dismiss managers other than those appointed or dismissed by the Board in accordance with to these Articles of Association and the relevant internal control system of the Company;
- (VII) exercise other functions and powers conferred in the Articles of Association and by the Board.

**Article 113** The general manager shall attend Board meetings, and if he/she is not a director, he/she shall not have any voting right at Board meetings.

**Article 114** In exercising functions and powers, the general manager of the Company shall fulfil the obligation of honesty and diligence in accordance with laws, administrative regulations and these Articles of Association.

### **Chapter 13 Supervisory Committee**

**Article 115** The Company shall have a Supervisory Committee. The Supervisory Committee shall perform supervisory functions according to laws, administrative regulations and these Articles of Association.

**Article 116** The Supervisory Committee shall comprise five supervisors, one of whom shall be the chairman of the committee. The chairman shall be elected by more than two thirds of the members of the Supervisory Committee. Each supervisor shall serve a term of three years, which is renewable upon re-election and re-appointment.

**Article 117** The Supervisory Committee shall include shareholder representatives and a proper proportion of employee representatives, of which the proportion of the employee representatives shall not be less than one third. The employee representative supervisor shall be elected democratically at the employee representatives' meetings, employees' meetings or in other forms.

**Article 118** Directors, general manager and other senior management members of the Company shall not serve as supervisors concurrently.

**Article 119** The Supervisory Committee shall be accountable to the general meeting and shall exercise the following functions and powers:

- (I) to review the financial position of the Company;
- (II) to supervise the directors, general manager and other senior management members to ensure that they do not act in contravention of any laws, administrative regulations or these Articles of Association during the performance of their functions, and to propose removal of directors and senior management members who have violated laws, administrative regulations, these Articles of Association or the resolutions of the general meetings;
- (III) to require directors and senior management members to make corrections if their conduct has damaged the interests of the Company;
- (IV) to verify the financial information such as the financial report, business report and profit distribution proposal to be submitted by the Board to the general meetings and to appoint, in the name of the Company, certified public accountants and practicing auditors to assist in the re-examination of such information should any doubt arise in respect thereof;

- (V) to propose the convening of extraordinary general meetings and, in case the Board does not perform the obligations to convene and preside over the general meetings in accordance with the Company Law, to convene and preside the general meetings;
- (VI) to submit proposals to the general meeting;
- (VII) to deal with directors or initiate legal proceedings against directors on behalf of the Company;
- (VIII) to propose the convening of a provisional Board meeting;
- (IX) to initiate legal proceedings against directors and senior management members in accordance with the Company Law;
- (X) to exercise other functions and powers stipulated by laws, administrative regulations and these Articles of Association.

Supervisors shall attend Board meetings.

**Article 120** Meetings of the Supervisory Committee shall be held at least once every six months and shall be convened by the chairman of the Supervisory Committee. Where the chairman of the Supervisory Committee cannot or does not fulfill the duties thereof, more than half of the supervisors may elect a supervisor to convene and preside over the meetings of the Supervisory Committee.

Supervisors may propose to convene a provisional meeting of the Supervisory Committee.

**Article 121** Rules of procedure of the Supervisory Committee: At meetings of the Supervisory Committee, each attendant shall cast one vote, by open ballot or in writing.

Resolutions of the Supervisory Committee shall be approved by more than two thirds of the supervisors.

The Supervisory Committee shall take minutes of the decisions on the matters discussed, and the supervisors present at the meeting shall sign their names in the minutes.

**Article 122** If the Supervisory Committee finds the Company's operations are abnormal, it may conduct an investigation; if necessary, it may employ such professionals as lawyers and accountants to assist it in its work, and the reasonable expenses for such expenses shall be borne by the Company.

**Article 123** Supervisors shall honestly fulfil the supervisory duty in accordance with laws, administrative regulations and the Articles of Association.



## **Chapter 14 Qualifications and Duties of the Directors, Supervisors and Senior Management Members of the Company**

**Article 124** In any of the following circumstances, a person shall not serve as director, supervisor, general manager or other senior management members of the Company:

- (I) a person without or with limited capacity for civil conduct;
- (II) a person who has been found guilty of sentenced for corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order where less than a term of five years have elapsed since the sentence was served; or a person who has been deprived of his/her political rights, in each case where less than five years have elapsed since the sentence was served;
- (III) a person who is a director or plant manager or manager of a company or enterprise in bankruptcy liquidation and is personally held responsible for the bankruptcy of such company or enterprise, where less than 3 years have lapsed from the date of completion of the bankruptcy liquidation of the said company or enterprise;
- (IV) a person who is the legal representative of a company or enterprise whose business license has been revoked or which has been ordered to close down due to violation of laws and is personally held responsible for such circumstance, where less than 3 years have lapsed from the date on which the business license of the company or enterprise has been revoked;
- (V) a person who has a large amount of outstanding debts which have become overdue;
- (VI) a person who is currently under investigation by judicial authorities for violation of criminal law;
- (VII) a person who, according to relevant laws and administrative regulations, cannot act as a director, supervisor, general manager or other senior management members;
- (VIII) a person other than a natural person;
- (IX) a person who has been convicted by the relevant competent authority that he/she has violated relevant securities regulations and acted fraudulently or dishonestly, where less than 5 years have lapsed from the date of such conviction;
- (X) the circumstances specified in the listing rules of the stock exchange(s) where the shares of the Company are listed or the relevant laws and regulations of the place where the shares of the Company are listed.

**Article 125** The validity of an act carried out by a director, general manager and other senior management members on behalf of the Company as against a bona fide third party shall not be affected by any irregularity in his/her employment, election or qualification.



**Article 126** In addition to obligations imposed by laws, administrative regulations or listing rules of the stock exchange(s) on which shares of the Company are listed, the Company's directors, supervisors, general manager and other senior management members shall owe the following obligations to each shareholder in the exercise of the functions and powers granted to them by the Company:

- (I) not to cause the Company to act beyond the scope of business as stipulated in its business license;
- (II) to act in good faith in the best interests of the Company;
- (III) not to deprive the property of the Company in any form, including (but not limited to) any opportunity favorable to the Company;
- (IV) not to deprive the individual rights and interests of other shareholders, including (but not limited to) any distribution rights and voting rights, but excluding any plan of reorganization of the Company submitted to the general meeting for approval in accordance with these Articles of Association.

**Article 127** The Company's directors, supervisors, general manager and other senior management members shall have an obligation, in the exercise of their rights or discharge of their obligations, to perform their due acts with care, diligence and skill as a reasonable and prudent person shall do under similar circumstances.

**Article 128** The Company's directors, supervisors, general manager and other senior management members shall, in the exercise of their duties, abide by the principles of honesty and creditability and shall not place themselves in a position where there is a possible conflict between their personal interests and their duties. This principle shall include (but not limited to) the fulfillment of the following obligations:

- (I) to act in good faith in the best interests of the Company;
- (II) to exercise powers within the scope of their functions and powers and not to act beyond such powers;
- (III) to personally exercise the discretion vested in him, not to allow himself to be manipulated by another person and, not to delegate the exercise of his/her discretion to another party unless permitted by laws and administrative regulations or with the consent of the general meeting that has been informed;
- (IV) to treat shareholders of the same class equally and to be impartial to shareholders of different classes;

(V) not to enter into a contract, transaction or arrangement with the Company except as

**Article 129** The director, supervisor, general manager or other senior management members of the Company may not incite the following persons or organizations (refer to as “connected persons”) to carry out matters that a director, supervisor, general manager or other senior management members may not themselves do:

- (I) the spouse or minor child of a director, supervisor, general manager or other senior management members of the Company;
- (II) the trustee of a director, supervisor, general manager or other senior management members of the Company or of any person referred in Item (I) hereof;
- (III) the partner of a director, supervisor, general manager or other senior management members of the Company or of any person referred in Item (I) and (II) hereof;
- (IV) the company over which a director, supervisor, general manager or other senior management members of the Company, alone or jointly with any person referred to in Item (I), (II) and (III) hereof or any other director, supervisor, general manager or other senior management members of the Company, has actual control;
- (V) a director, supervisor, general manager or other senior management members of a company being controlled as referred to in Item (IV) hereof.

**Article 130** The obligation of honesty and credibility of the Company’s directors, supervisors, general manager and other senior management members does not necessarily cease with the termination of their office. Their confidentiality obligation in relation to the Company’s trade secrets shall continue after the termination of their office. The term for which other obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company terminated.

**Article 131** A director, supervisor, general manager or other senior management members of the Company may be relieved from liability for a specific breach of obligations by the general meeting that has been informed of the situation, except under circumstances as specified in Article 55 hereof.

**Article 132** If a director, a supervisor, general manager and other senior management members of the Company has directly or indirectly been vested a material interest in a contract, transaction or arrangement entered into or planned by the Company (except for their respective employment contract with the Company), he/she shall disclose the nature and extent of his/her interest to the Board at the earliest opportunity, whether or not the matter is normally subject to the approval of the Board.

Unless otherwise specified by the stock exchange(s) where the shares of the Company are listed, directors shall not vote on any Board resolution approving a contract, transaction or arrangement in which they or any of their associates have a material interest (as defined in the applicable listing rules (in force from time to time) by the stock exchange(s) where the shares of the Company are listed) or any other relevant proposal, and the directors concerned shall not be counted in determining whether a quorum is present.

Unless the interested director, supervisor, general manager and other senior management members of the Company has disclosed such interest to the Board as required under the first paragraph hereof and the matter has been approved by the Board at a meeting in which he/she was not counted in the quorum and had refrained from voting, the Company shall have the right to void the contract, transaction or arrangement, except where the other party is a bona fide party acting without knowledge of the breach of obligation by the director, supervisor, general manager and other senior management members concerned.

A director, a supervisor, general manager and other senior management members of the Company shall be deemed to have an interest in any contract, transaction or arrangement in which a connected person of that director, supervisor, general manager and other senior management members has an interest.

**Article 133** If a director, supervisor, general manager and other senior management members of the Company gives a written notice to the Board before the conclusion of the contract, transaction or arrangement is first considered by the Company, stating that due to the contents as stipulated in the notice, he/she has an interest in the contract, transaction or arrangement that may subsequently be entered into by the Company, such director, supervisor, general manager and other senior management members of the Company shall be deemed for the purposes of the preceding Articles of this Chapter to have declared his/ her interest, insofar as attributable to the scope stated in the notice.

**Article 134** The Company shall not pay taxes in any way on behalf of its directors, supervisors, general manager and other senior management members.

**Article 135** The Company may not directly or indirectly provide a loan or loan security to its directors, supervisors, general manager and other senior management members, those of its parent company, or connected persons of the above-mentioned persons.

The preceding paragraph shall not apply to the following circumstances:

- (I) The provision by the Company of a loan to or loan security for its subsidiary;
- (II) The provision of a loan or loan security or other funds by the Company to a director, a supervisor, general manager and other senior management of the Company under an employment contract approved by the general meeting, so as to enable him to pay the expenses incurred for a purpose in relation to the Company or for the performance of his/her Company duties;
- (III) The provision of a loan or loan security by the Company to a relevant director, a supervisor, general manager and other senior management members of the Company or to a connected person thereof on normal commercial terms, if the ordinary business scope of the Company expands to the lending of money or the provision of loan security.



**Article 140** The Company shall enter into a written contract with each director, supervisor and senior management members concerning his/her emoluments and shall be approved general meeting in advance. The written contract shall include at least the following requirements:

- (I) The director, supervisor and senior management members undertake to the Company that he/she has observed and complied with the Company Law, the Special Provisions, these Articles of Association, the Code on Takeovers and Share Repurchases of Companies of the stock exchange(s) where the shares of the Company are listed and other provisions of the stock exchange(s) where the shares of the Company are listed, and agrees that the Company will enjoy the remedies provided for in these Articles of Association and that the contract and the post shall not be assignable;
- (II) The director, supervisor and senior management members undertake to the Company who acts on behalf of each shareholder that he/she will observe and perform his/her duties to shareholders under these Articles of Association;
- (III) The arbitration clauses stipulated in Article 179 of these Articles of Association.

The above-mentioned emoluments shall include:

- (I) emoluments in respect of his/her service as a director, supervisor or senior management member of the Company;
- (II) emoluments in respect of his/her service as a director, supervisor or senior management member of the subsidiary of the Company;
- (III) emoluments otherwise in connection with the management of the Company or any subsidiary thereof;
- (IV) funds as compensation for loss of office or retirement for the aforementioned directors and supervisors.

Except pursuant to a contract entered into in accordance with the foregoing provisions, a director or supervisor shall not institute proceedings against the Company for any benefit due to him in respect of the matters specified above.

**Article 141** The Company shall specify in the contract entered into with a director or supervisor concerning his/her emoluments that in the event of a takeover of the Company, a director or supervisor of the Company shall, subject to prior approval of the general meeting, have the right to receive compensation or other funds obtainable for loss of office or retirement.

For the purposes of the preceding paragraph, the term “a takeover of the Company” shall refer to any of the following circumstances:

- (I) Anyone making a general offer to all the shareholders;
- (II) Anyone making a general offer with the purpose of making the offeror as a controlling shareholder.

If the relevant director or supervisor fails to comply with this Article, any fund received by him shall belong to those persons who have sold their shares as a result of their acceptance of the above-mentioned offer, and the expenses incurred in the distribution of such funds on a proportional basis shall be borne by the relevant director or supervisor and may not be paid out of such fund.

## **Chapter 15 Financial and Accounting Systems**

**Article 142** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the accounting standards formulated by the financial authority of the PRC.

**Article 143** The Company shall use RMB as the primary accounting currency.

The Company shall, at the end of each fiscal year, prepare a financial report, which shall be examined and verified according to law.

The financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations.

**Article 144** The Board of the Company shall at each annual general meeting submit to shareholders the financial reports prepared by the Company as required by relevant laws, administrative regulations, local government and regulatory documents issued by competent authorities.

**Article 145** The Company shall not keep any accounting book other than the statutory accounting books. The assets of the Company shall not be kept under the account set up in the name of any individual.

**Article 146** The financial reports of the Company shall be made available at the Company for review by shareholders 20 days before the date of annual general meeting. Each shareholder shall be entitled to receive a copy of the financial reports referred to in this chapter.

The financial reports mentioned in the preceding paragraph include the Board's report together with its balance sheet (including such documents as may be appended as required by the PRC laws or other laws and administrative regulations) and its statement of profit or loss (profit statement) or statement of income and expenditure (cash flow statement), or, without any violation of relevant PRC laws, a summary financial report approved by the stock exchange(s) where the shares of the Company are listed.

The Company shall, at least 21 days before the date of each annual general meeting, deliver or deliver by prepaid post the aforesaid financial reports to each holder of the overseas listed foreign shares of the Company at the addresses specified in the register of members. Subject to the laws, administrative regulations, departmental rules and the relevant provisions of the securities regulatory body in the place where the shares of the Company are listed, the Company may deliver such documents by announcement (including publication on the Company's website).

**Article 147** The Company shall publish its financial reports twice in each fiscal year, i.e. the interim financial report within 60 days after the end of the first six months of a fiscal year and the annual financial report within 120 days after the end of a fiscal year. Any other requirements of the listing rules of the stock exchange(s) where the shares of the Company are listed shall be followed.

Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations.

## **Chapter 16 Distribution of Profits**

**Article 148** When the Company distributes the after-tax profits of the current year, 10% of the profits shall be allocated to the statutory reserve fund. No further contribution to the statutory reserves fund is required when the cumulative amount of the statutory reserves fund exceeds 50% of the registered capital of the Company.

Where the Company's statutory reserve fund is insufficient to cover the previous year's losses, the Company shall first use the profits of the current year to cover the losses before withholding the statutory reserve fund according to the provisions of the previous paragraph.

After the Company withdraws the statutory reserve fund from the after-tax profits, it may also withdraw optional reserve fund from the after-tax profit upon the resolution of the general meeting.

The remaining after-tax profits of the Company after making up the losses and withdrawing the reserve funds are profits available for distribution to shareholders, and may be distributed according to the proportion of shares held by the shareholders based on the resolution of the general meeting.



If the provisions of the preceding paragraph are violated and the profits are distributed to the shareholders before the Company makes up the losses and withdraws the statutory reserve fund, the shareholders must return the profits distributed in violation of the provisions to the Company.

The Company's shares held by the Company shall not participate in the distribution of profits.

**Article 149** The capital reserves fund shall include the following items:

- (I) premium received in excess of the par value of the issued shares;
- (II) other revenue as required by the competent financial authorities of the state to be so included.

**Article 150** The reserves funds of the Company may be used to cover its losses, expand the operation, or converted into the capital of the Company. However, the capital reserves fund shall not be used to cover the losses of the Company.

When the statutory reserve fund is converted into capital, the remaining statutory reserve fund shall not be less than 25% of the registered capital of the Company before the capital increase.

**Article 151** The Company may distribute dividends in either of the following forms (or both):

- (I) Cash;
- (II) Shares.

**Article 152** The Company shall appoint receiving agents in Hong Kong on behalf of holders of the overseas listed shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of their overseas listed shares and hold such monies in his/her custody pending payment to the related shareholders.

The receiving agents appointed shall comply with the laws and the requirements of the stock exchange(s) where the shares of the Company are listed.

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

For dividends that are not claimed by anyone, the Company may exercise the right of expropriation under the precondition of complying with the relevant laws and regulations of China, but the right shall be exercised only after the expiration of the applicable period.

The Company shall only cease sending dividend warrants to the holder of the overseas listed foreign shares by post if such warrants have been left uncashed after having been sent twice consecutively. Such power may be exercised by the Company after the first occasion on which such a warrant is returned undelivered.

In the case of anonymous warrant, no new warrant shall be issued to replace the lost warrant unless the Company is convinced that the original warrant has been destroyed beyond reasonable doubt.

The Company shall have the right to sell the shares of shareholders of overseas listed shares who are untraceable in a way deemed appropriate by the Board of directors, provided the following conditions are met:

- (I) the dividends have been distributed at least three times to such shares within 12 years,

doubt.

**Article 156** The accounting firm engaged by the Company shall have the right to:

- (I) inspect books, records or vouchers of the Company at any time and to request any director, general manager or other members of the senior management of the Company to provide relevant materials and explanations;
- (II) request the Company to take all reasonable measures to obtain from its subsidiaries such materials and statements as necessary for the accounting firm to perform its duties;
- (III) attend general meetings, obtain any notice of the meeting or other information regarding to the meeting which any shareholder has the right to receive, and make a statement on matters concerning its engagement as the accounting firm of the Company in any general meeting.

The Company shall provide the accounting firm engaged by them with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials and shall not refuse, conceal and make false reports.

**Article 157** If the office of the accounting firm becomes vacant, the Board may, prior to a general meeting is convened, appoint an accounting firm to fill such vacancy. During the period when such vacancy lasts, where the Company has any other accounting firms in office, such accounting firms may continue to act.

**Article 158** Notwithstanding the terms of the contract between an accounting firm and the Company, the general meeting may, prior to the expiry of the term of office of any accounting firm, decide to remove such accounting firm from office by an ordinary resolution. Such removal from office shall not limit the rights of the accounting firm to claim for compensation.

**Article 159** The remuneration of the accounting firm or the mode of determination of the same shall be decided by the general meeting.

**Article 160** The decision to engage, remove or discontinue the engagement of an accounting

- (II) if the accounting firm that is leaving office makes a written statement and request the Company to notify shareholders of such statement, the Company shall take the following measures unless the written statement is not received in time:
  - 1. to specify in the notice issued for proposing a resolution that the accounting firm about to leave its position has made such statement;
  - 2. to deliver a copy of such statement as an appendix to the notice to shareholders in the manner as required by the Articles of Association.
- (III) if the Company fails to deliver the statement of the relevant accounting firm in accordance with (II) above, such accounting firm may request such statement to be read in a general meeting and make a further appeal;
- (IV) the accounting firm that has left its position shall have the right to attend the following meetings:
  - 1. the general meeting at the end of which its term of service shall expire;
  - 2. the general meeting with a view to filling the vacancy caused by its removal;
  - 3. the general meeting convened due to its resignation.

The accounting firm that has left its position shall have the right to receive all notices of the foregoing meetings or other information relating to such meetings, and to make a statement on matters concerning its being the former accounting firm of the Company in the foregoing meetings.

**Article 161** The Company shall notify the accounting firm in advance before dismissing or discontinuance of engagement of such accounting firm. The accounting firm shall be allowed to present its view at the general meeting. Where the accounting firm resigns, it shall explain to the general meeting whether there is any impropriety on the part of the Company.

An accounting firm may submit its resignation by depositing at the legal residence of the Company a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:

- 1. a statement to the effect that there are no circumstances in relation to its resignation which should be brought to the notice of the shareholders or creditors of the Company;  
or
- 2. a statement of any relevant situations which needs to be brought to the notice.

The Company shall send a copy of the notice to the relevant authorities within 14 days upon receipt of the written notice specified in clause 2 of this Article. If the notice contains a statement specified in clause 2 of this Article, a copy of such statement shall be placed at the Company for shareholders' inspection. The copy of such statement shall also be sent by mail to holder of the overseas listed shares of the Company at the address as recorded in the register of members.

Where the accounting firm's notice of resignation contains a statement specified in clause 2 of this Article, the accounting firm may require the Board to convene a shareholders' extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

## **Chapter 18 Merger and Division of the Company**

**Article 162** The merger or division of the Company shall require the preparation of a proposal by the Board. After such proposal has been adopted in accordance with the procedures specified in the Articles of Association, relevant approval procedures shall be carried out in accordance with the law. Shareholders that oppose the proposal for the merger or division of the Company shall have the right to require the Company or shareholders that are in favor of such proposal to purchase their shares at a fair price. The contents of resolutions approving the merger or division of the Company shall be compiled in a special document for inspection by shareholders.

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

**Article 163** A merger may take either the form of a merger by absorption or the form of a merger by new establishment.

If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and a property list. Within 10 days from the date of adoption of the merger resolution, the Company shall notify its creditors and within 30 days it shall make an announcement in the newspapers. Creditors shall, within 30 days of receiving written notice, or within 45 days of the date of the public announcement for those who have not received written notice, be entitled to require the Company to pay its debts in full or to provide a corresponding security for repayment.

Upon merger of the Company, the claims and debts of each party to the merger shall be succeeded to by the company surviving the merger or the new company established as a result of the merger.

**Article 164** If the Company is divided, its property shall be divided accordingly.

When the Company is divided, a balance sheet and a property list shall be prepared. The Company shall notify its creditors within 10 days from the date of adoption of the resolution on the division, and within 30 days it shall make an announcement in the newspapers.

The post-division companies shall be jointly and severally liable for the pre-division debts of the Company, unless otherwise stipulated in any written agreement on the settlement of debts entered into by the Company and its creditors prior to the division.

**Article 165** Where any change be made on the particulars for the Company's registration due to its merger or division, the change shall be registered with the Company's registrar in accordance with the law. If the Company is dissolved, de-registration of the Company shall be carried out in accordance with the law. If a new company is established, registration of the establishment of such company shall be carried out in accordance with the law.

## **Chapter 19 Dissolution and Liquidation of the Company**

**Article 166** Under any of the following circumstances the Company shall be dissolved:

- (I) dissolution of the Company is approved by a special resolution in the general meeting;
- (II) merger or division of the Company requires a dissolution;
- (III) the Company's business license is revoked, or it is ordered to close or is deregistered in accordance with laws;
- (IV) the Company is ordered to close down due to violation of laws and administrative regulations;
- (V) severe difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10 percent of all shareholders' voting rights of the Company may petition a People's Court to dissolve the Company;
- (VI) the Company is declared bankrupt in accordance with the law because it is unable to pay its debts as they fall due;
- (VII) the term of operation stipulated under the Articles of Association has expired or other circumstance for dissolution specified herein has occurred.

Where the Company is to be dissolved under the circumstance specified in item (7) of the preceding clause, it may continue to exist by modifying the Articles of Association.

**Article 167** Where the Company is dissolved pursuant to Items (I), (III), (V) or (VII) of Article 166 of the Articles of Association, it shall establish a liquidation committee for liquidation within 15 days after the dissolution circumstance arises. The members of the liquidation committee shall be determined by an ordinary resolution of the general meeting. If the liquidation committee is not duly set up within the specified period, the creditors may request the people's court to designate related persons to form a liquidation committee to carry out liquidation.

If the Company is dissolved pursuant to Item (IV) of Article 166, a liquidation committee comprising shareholders, relevant departments and relevant professionals shall be established by relevant competent authority to carry out liquidation.

If the Company is dissolved pursuant to Item (VI) of Article 166, a liquidation committee comprising shareholders, relevant departments and relevant professionals shall be established by the people's court in accordance with relevant laws to carry out liquidation.

**Article 168** If the Board decides to liquidate the Company (save for liquidation when the Company is declared bankrupt), the notice of general meeting to be held therefor shall contain a statement that the Board has made thorough investigation on the conditions of the Company and that the Company may repay all the debts of the Company within 12 months after commencement of liquidation.

After the resolution on liquidation is adopted at the general meeting, the functions and powers of the Board shall be terminated immediately.

The liquidation committee shall, as per the instructions of the general meeting, report to the general meeting at least once a year on the revenues and expenses of the liquidation committee, the businesses of the Company and the progress of liquidation, and shall deliver a final report to the general meeting at the end of liquidation.

**Article 169** The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (I) to liquidate the Company's assets and compile a balance sheet and a property inventory separately;
- (II) to inform creditors by notice or announcement;
- (III) to deal with the outstanding businesses of the Company relating to liquidation;
- (IV) to pay off the taxes owed and the taxes arising during liquidation;
- (V) to clear credits and debts;
- (VI) to dispose of the remaining assets of the Company after all the debts are paid off;
- (VII) to participate in civil proceedings on behalf of the Company.

**Article 170** The liquidation committee shall notify all creditors within 10 days after its establishment and shall make announcements in newspapers within 60 days. The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after announcement if the creditors haven't received the notice.

The creditors shall explain matters relating to their rights and provide relevant evidential documents. The liquidation committee shall register the creditor's rights.

The liquidation committee shall not pay off any debts to any creditors during the period of declaration of creditor's rights.

**Article 171** After the liquidation committee has liquidated the assets of the Company and has compiled a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit such proposal to the general meeting or relevant competent authority for confirmation.

The assets of the Company shall be liquidated in the following order of priority: liquidation expenses; salaries, labour insurance premiums and statutory compensations for the employees of the Company; outstanding taxes; and other debts of the Company.

The remaining assets of the Company after repayment as specified in the preceding paragraph shall be distributed to the shareholders of the Company as per the types of their shares and their shareholding percentages.

The Company shall not conduct any new business activity in the course of liquidation.

**Article 172** After the liquidation committee has liquidated the assets of the Company and compiled a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the people's court for declaration of bankruptcy of the Company.

Following a ruling by the people's court that the Company is bankrupt, the liquidation committee shall transfer to the people's court all matters relating to the liquidation.

**Article 173** Following the completion of the Company's liquidation, the liquidation committee shall formulate a liquidation report, a revenue and expenditure statement and financial account books in respect of the liquidation period. After they are verified by an accountant registered in China, the liquidation committee shall submit the same to the general meeting or the relevant authorities in charge for confirmation. Within 30 days from the date of confirmation of the above-mentioned documents by the general meeting or the People's Court, the liquidation committee shall deliver the same to the company registry, apply for cancellation of the Company's registration and publicly announce the Company's termination.

## **Chapter 20 Amendment to the Articles of Association**

**Article 174** The Company may amend its Articles of Association in accordance with laws, administrative regulations and its Articles of Association.

**Article 175** Amendments to the Articles of Association shall become effective from the date of approval by the general meeting through special resolution; where such amendment to the Articles of Association as passed by the general meeting by a resolution shall be approved by the competent authority, it must be reported to the competent authority for approval; where any amendment involves the registered particulars of the Company, application shall be made for change of registration in accordance with the laws.



## **Chapter 21 Notice and Public Announcement**

**Article 176** Notices (for the purposes of this Chapter, the term “notice” includes company communications and other written materials) of the Company shall be given or provided by one or more of the following means:

- (I) By hand;
- (II) by mail;
- (III) by such electronic means as e-mail, fax, etc. or on information media;
- (IV) by way of a public announcement; and
- (V) other ways recognized by the regulatory authorities of the place where the shares of the Company are listed or required by the Articles of Association.

Unless otherwise specified in the Articles of Association, if a notice is issued by the Company to the shareholders of overseas listed foreign shares by way of announcement, the Company shall on the same day submit an electronic version of such announcement to the Hong Kong Stock Exchange through the electronic publishing system of the Hong Kong Stock Exchange for immediate release on the website of the Hong Kong Stock Exchange in accordance with the requirements of the local listing rules. Such announcement shall also be published on the website of the Company at the same time. In addition, 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 way of personal delivery or pre-paid mail so as to give the shareholders sufficient notice and time to exercise their rights or take any action in accordance with the terms of the notice.

Unless otherwise provided in the Articles of Association, holders of the Company’s overseas listed foreign shares may elect in writing to receive corporate communication that the Company is required to deliver to shareholders either by electronic means or by post, and may also elect to receive either the Chinese or English version only, or both the Chinese and English versions. Such holders shall have the right to change their choices as to the manner of receiving and the language versions of the aforesaid information by giving a written notice to the Company in advance within a reasonable period in accordance with applicable procedures.

The Company may serve a notice to the shareholders whose registered address are located outside Hong Kong.

**Article 177** Unless otherwise provided in the Articles of Association, for a notice given by hand, the person on whom it is served shall sign (or affix his/her seal to) the acknowledgement slip, and the date on which he/she signed in receipt shall be the date of service;

Unless otherwise provided in the Articles of Association, for a notice given by mail, the date of service shall be 48 hours from the date of consignment to the post office.

Unless otherwise provided in the Articles of Association, for a notice given by fax, e-mail or publication on a website, the date on which such notice is dispatched shall be the date of service.

Unless otherwise provided in the Articles of Association, for a notice given by way of a public announcement, the first day of publication shall be the date of service. Such announcement shall be published in a newspaper that satisfies relevant regulations or given by the method set forth in the Articles of Association.

**Article 178** If the listing rules in the place of listing require the Company to send, mail, issue, dispatch, publish or otherwise provide relevant documents of the Company in both English and Chinese versions, the Company may, to the extent permitted by laws and regulations and in accordance with applicable laws and regulations, (if a shareholder has so indicated) only send him or her the English versions or Chinese versions of documents if the Company has made sufficient arrangements to ascertain whether its shareholders wish to only receive English versions or Chinese versions of documents.

## **Chapter 22 Settlement of Disputes**

**Article 179** The Company shall abide by the following principles for settlement of disputes:

- (I) If any dispute or claim that concerns the Company's affairs and is based on rights or obligations provided for in the Articles of Association, the Company Law and other relevant laws, administrative regulations arises between a holder of overseas listed foreign shares and between the Company and a director, a supervisor, the general manager or other senior management members of the Company, between a holder of overseas listed foreign shares and a director, a supervisor, the general manager or other senior management members of the Company or between a holder of overseas listed foreign shares and a holder of domestic shares, the parties concerned shall refer the dispute or claim to arbitration.

When a dispute or claim as described above is submitted to arbitration, the dispute or claim shall be submitted in its entirety, and all persons (being the Company or shareholders, directors, supervisors, the general manager or other senior management members of the Company) that have a cause of action due to the same facts or whose participation is necessary for the resolution of such dispute or claim shall abide by the arbitration.

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

- (II) A claimant may elect for arbitration to 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 Center in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If the claimant elects for arbitration to be carried out at the Hong Kong International Arbitration Center, any party may request the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Center.

- (III) The resolution of any dispute or claim of rights referred to in term (1) above by arbitration is subject to the PRC laws, unless otherwise required by the laws and administrative regulations.
- (IV) An arbitral award made by the arbitral body is final and binding on all parties.
- (V) The agreement (including this rule of settlement of disputes) shall be reached by directors or senior management and the Company which represents both itself and each of the shareholders;
- (VI) Any arbitration submitted shall be deemed as authorizing the arbitration tribunal to conduct a public hearing and to announce its verdict.

## **Chapter 23   Supplementary Provisions**

**Article 180**   The term “accounting firm” in these Articles of Association shall have the same meaning as “auditor”.

**Article 181**   The term