

**Articles of Association of  
Shanghai Kindly Medical Instruments Co., Ltd.\*  
上海康德萊醫療器械股份有限公司**

**(The Articles of Association are effective on April 26, 2022)**

*\* For identification purposes only*

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Note: In the marginal notes of the Articles of Association, “**Company Law**” represents the Company Law of the People’s Republic of China; “**Mandatory Provisions**” represents the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款) (Zheng Wei Fa [1994] No. 21) jointly promulgated by the former Securities Commission of the State Council and the former State Commission for Restructuring the Economic System on August 27, 1994; “**Letter of Supplementary Opinions**” represents the Letter of the Opinion on the Supplemental Amendments to the Articles of Association of Companies to be Listed in Hong Kong (Zheng Jian Hai Han [1995] No.1) jointly promulgated by the overseas listing department of the CSRC and the production system department of the former State Commission for Restructuring the Economic System on April 3, 1995; “**Opinions on Regulated Operation and In-depth Reform**” represents the Opinions on Further Assistance in Regulated Operation and In-depth Reform of Companies Listed outside the PRC (Guo Jing Mao Qi Gai [1999] No. 230) jointly promulgated by the former State Economic and Trade Commission and the CSRC on March 29, 1999; “**Main Board Listing Rules**” or “**Hong Kong Stock Exchange Listing Rules**” represents the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; “**Appendix 3 to the Main Board Listing Rules**” represents Appendix 3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; “**Appendix 13D to the Main Board Listing Rules**” represents Part D of Appendix 13 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; and “**Appendix 14 to the Main Board Listing Rules**” represents Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

# Articles of Association of Shanghai Kindly Medical Instruments Co., Ltd.\*

## Chapter 1 General Provisions

**Article 1** Shanghai Kindly Medical Instruments Co., Ltd.\* (hereinafter referred to as the “**Company**”) is a joint stock limited company established in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Securities Law of the People’s Republic of China, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as the “**Special Regulations**”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Letter of the Opinion on the Supplemental Amendments to the Articles of Association of Companies to be Listed in Hong Kong, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Listing Rules**”) and other relevant laws and administrative regulations of the PRC.

Article 1 of the Mandatory Provisions Rule 1(a), Appendix 13D to the Main Board Listing Rules Unless otherwise specified, the Mandatory Provisions and Letter of Supplementary Opinions mentioned hereinafter shall be deemed to have mentioned Rule 1 (a), Appendix 13D to the Main Board Listing Rules

The Company was established by means of promotion based on the change of Shanghai Kindly Corporation Development Group Medical Equipment Co., Ltd. into a stock company as a whole and was registered with Shanghai Administration for Industry and Commerce and obtained a business license on October 26, 2015.

The Company’s unified social credit code is: 913100007895295174.

The Company’s promoters are Shanghai Kindly Enterprise Development Group Co., Ltd., Liang Dongke, Lin Sen, Wang Ruiqin, Chen Xing and Huang Chubin.

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

Full name in Chinese: 上海康德萊醫療器械股份有限公司

Full name in English: SHANGHAI KINDLY MEDICAL INSTRUMENTS CO., LTD.\*

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

**Article 3** The Company’s domicile is: Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai

Postal code: 201812

Tel.: +86-21-59140056

Fax: +86-21- 69000013

Article 81 of the Company Law Article 3 of the Mandatory Provisions

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

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

\* For identification purposes only

**Article 5** The Company is a joint stock limited company with perpetual existence and is an independent legal entity. The Company shall bear liability for the debts of the Company with all its assets, while the shareholders shall bear liability for the Company to the extent of the shares they subscribe.

Article 3 of the Company Law  
Article 5 of the Mandatory Provisions

**Article 6** These Articles of Association, being the code of conduct for the Company, are passed by way of a special resolution at the shareholders' general meeting of the Company and shall become effective on the date when the overseas listed foreign shares, upon approval by the relevant departments of the PRC and the relevant regulatory authorities, are listed and traded on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**Hong Kong Stock Exchange**"). From the date when these Articles of Association take effect, these Articles of Association constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders inter se.

Article 11 of the Company Law  
Article 6 of the Mandatory Provisions

**Article 7** These Articles of Association are binding on the Company and its shareholders, directors, supervisors and senior management; all of the aforesaid persons are entitled, according to these Articles of Association, to make claims in respect of rights concerning the matters of the Company.

Article 11 of the Company Law  
Article 7 of the Mandatory Provisions

Pursuant to these Articles of Association, shareholders may institute legal proceedings against the Company; the Company may institute legal proceedings against shareholders; shareholders may institute legal proceedings against shareholders; and shareholders may institute legal proceedings against directors, supervisors and senior management of the Company.

Legal proceedings referred to in the preceding paragraph include any legal action brought before a court and any arbitration application submitted to an arbitration institution.

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

Article 8 of the Mandatory Provisions

The Company shall not become a capital contributor that shall bear the joint and several liabilities for the debts of the entities it invests in, unless it is otherwise provided for by laws.

**Article 9** Senior management referred to in these Articles of Association include the general manager, deputy general manager, financial manager (also known as chief financial officer) and secretary to the Board and other senior management members recognized by the Board.

Article 216 of the Company Law

## Chapter 2 Business Objectives and Scope of the Company

**Article 10** The business objectives of the Company are to adhere to the development philosophy of “science and technology serves health, and quality builds distinction”, and is committed to building a globally renowned group of interventional and implantable medical devices led by science and technology innovation, to achieve co-existence, win-win partnership and common development with customers, business partners and all employees, and to create sound economic returns for all shareholders to the utmost extent while creating good social benefits, thereby contributing to the global human health.

Article 9 of the  
Mandatory Provisions

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

Licensed items of business: production of Class II and Class III medical devices, and operation of Class III medical devices, inspection and testing services, import and export of goods and technology (For the above items subjects to the administrative approval, approvals from the relevant authorities must be obtained prior to operation. Special items shall be subject to approvals or licenses from relevant authorities)

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

General items of business: sales of Class II medical devices, production and sale of instruments and apparatuses, sales of Class I medical devices, production and sale of civil protective equipment, consulting services for sterilization technology of daily necessities and medical devices, sterilization service, housing rental, sales of electronic products, metal materials, chemical products (excluding dangerous chemicals, restricted chemicals, fireworks, civil explosives and drug- making chemicals) and plastic products, design and sales of molds, and technology development in the field of mold technology . (Except for the items subject to the administrative approval, the Company carries out operating activities listed in its business license freely according to the law)

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

The Company may, based on any changes in domestic and international markets, business development and its own capability, adjust its business scope and complete relevant formalities of industry and commerce administration registration for such an adjustment according to relevant provisions.

### Chapter 3 Shares and Registered Capital

**Article 12** There shall, at all times, be ordinary shares in the Company. With the approval of the company approval authority authorized by the State Council, the Company may create different classes of shares when needed.

If the Company creates any other class of shares, it shall specify the priority of rights concerning each class of shares in distribution of dividends or any other forms of distributions. If the share capital of the Company includes shares without voting rights, then the said shares shall be marked with “without voting right”. If the share capital includes shares with different voting rights, then each class of shares (except those with most preferential voting right) shall be marked with “restricted voting right” or “limited voting right”.

Article 11 of the  
Mandatory Provisions  
Rules 9 and 10,  
Appendix 3 to the  
Main Board Listing  
Rules

**Article 13** The stock of the Company shall take the form of shares. All shares issued by the Company shall have nominal values, with each share having a nominal value of RMB1. Article 12 of the Mandatory Provisions

Renminbi referred to in the preceding paragraph refers to the statutory currency of the PRC.

**Article 14** The Company shall issue shares in an open, fair and just manner, and each share of the same category shall have the same right. Article 126 of the Company Law Rule 9, Appendix 3 to the Main Board Listing Rules Rule 12, Appendix 3 to the Main Board Listing Rules

All shares of the same category issued at the same time shall be issued under the same conditions and at the same price; any entity or individual shall pay the same price for each share.

Domestic shares and overseas listed shares issued by the Company shall have the same right in any distribution of dividend or other forms of distributions. The Company shall not exercise any right to freeze or otherwise damage the rights attached to any shares directly or indirectly held by any person only on the ground that the said person has not disclosed his/her equity to the Company.

**Article 15** The Company may offer its shares to both domestic and foreign investors with the approval of the relevant securities regulatory authority under the State Council. Article 13 of the Mandatory Provisions

Foreign investors as referred to in the preceding paragraph shall mean those investors in foreign countries and Hong Kong Special Administrative Region, Macau Special Administrative Region or Taiwan Region who subscribe for shares of the Company. Domestic investors shall mean those investors in the PRC, excluding the aforementioned regions, who subscribe for shares of the Company.

**Article 16** Shares that the Company issues to domestic investors for subscription in Renminbi shall be known as domestic shares. Shares that the Company issues to foreign investors for subscription in foreign currencies shall be known as foreign shares. Article 14 of the Mandatory Provisions Section 1 (f)(ii), Appendix 13D to the Main Board Listing Rules

Foreign shares listed overseas are called overseas listed foreign shares. Foreign currency aforementioned refers to the statutory currency, other than RMB, of another country or region, which is recognized by the foreign exchange authority of the state and can be used to pay the Company for the shares.

**Article 17** Foreign shares issued by the Company to list in the Hong Kong Stock Exchange shall be called H Shares. H Shares are overseas listed foreign shares.

Rule 19A.04 of the Main Board Listing Rule

As domestic shares of the Company listed on the Hong Kong Stock Exchange as approved by the securities regulatory authority under the State Council are of the same class as overseas listed foreign shares, they shall be collectively referred to as overseas listed shares.

Both holders of domestic shares and holders of overseas listed shares are common shareholders and shall have the same rights and obligations.

**Article 18** The Company, at the time of its establishment, issued 18,300,000 ordinary shares to its promoters, all of which are subscribed for and held by the promoters of the Company, among which:

Article 15 of the Mandatory Provisions Article 81 (4)(5) of the Company Law

Shanghai Kindly Enterprise Development Group Co., Ltd. subscribed for and held 10,000,000 shares, representing 54.6448% of the total number of ordinary shares issued by the Company at the time of its establishment;

Liang Dongke subscribed for and held 1,666,666 shares, representing 9.1074% of the total number of ordinary shares issued by the Company at the time of its establishment;

Lin Sen subscribed for and held 1,666,667 shares, representing 9.1075% of the total number of ordinary shares issued by the Company at the time of its establishment;

Wang Ruiqin subscribed for and held 1,666,667 shares, representing 9.1075% of the total number of ordinary shares issued by the Company at the time of its establishment;

Chen Xing subscribed for and held 1,650,000 shares, representing 9.0164% of the total number of ordinary shares issued by the Company at the time of its establishment;

Huang Chubin subscribed for and held 1,650,000 shares, representing 9.0164% of the total number of ordinary shares issued by the Company at the time of its establishment.

**Article 19** In August 2019, with the approval of China Securities Regulatory Commission, the number of the overseas listed foreign shares listed and initially issued by the Company on the Hong Kong Stock Exchange was 40,000,000. In November 2019, the number of the overseas listed foreign shares listed and issued after the over-allotment option by the Company on the Hong Kong Stock Exchange was 6,000,000. In May 2021, the number of the domestic shares issued by the Company was 2,000,000.

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

The Company's equity structure is 168,000,000 ordinary shares. Among them, 63,786,608 shares held by domestic shareholders, accounting for 37.9682%, and 104,213,392 shares held by holders of overseas listed foreign shares, accounting for 62.0318%.

**Article 20** The Board of the Company may make arrangements for separate issuance of domestic shares and overseas listed shares in accordance with the issuance scheme approved by the securities regulatory authorities under the State Council. Article 17 of the Mandatory Provisions

According to the aforesaid scheme for separate issuance of domestic shares and overseas listed shares, the Company may issue the shares within 15 months after approval by the securities regulatory authorities under the State Council or within the validity period of the documents approved thereby.

**Article 21** If the Company separately issues overseas listed shares and domestic shares within the total number specified in the scheme for issuance, the said shares shall be issued respectively at one time; if it is impossible for the shares to be issued at one time for special reasons, the shares may be issued by several times upon approval by the securities regulatory authorities under the State Council. Article 18 of the Mandatory Provisions

**Article 22** The existing registered capital of the Company is RMB168,000,000. Article 19 of the Mandatory Provisions Article 81 (4) of the Company Law

**Article 23** Unless otherwise specified by the laws and administrative regulations of the state and the securities regulatory authorities of the place where the Company's shares are listed, the fully paid shares of the Company may be transferred freely without any lien attached. Transfer of overseas listed shares listed in Hong Kong shall be registered with the Hong Kong-based share registry designated by the Company. If fees shall be charged for the relevant registration, such fees shall not exceed the maximum fees stipulated by the Hong Kong Stock Exchange in its Listing Rules from time to time. Article 21 of the Mandatory Provisions Rule 1(1)(2), Appendix 3 to the Main Board Listing Rules Rule 19A .46 of the Main Board Listing Rules

## Chapter 4 Increase, Decrease and Repurchase of Shares

**Article 24** The Company may increase capital by the following ways in light of its business and development needs and in accordance with the relevant laws and regulations, these Articles of Association and special resolutions made at shareholders' general meetings: Article 20 of the Mandatory Provisions

- (I) offering new shares to non-given investors;
- (II) placing new shares to existing shareholders;
- (III) distributing new shares to existing shareholders;
- (IV) issuing new shares to specific investors;
- (V) transferring reserve funds to increase share capital;
- (VI) any other ways stipulated by laws and administrative regulations and approved by the relevant regulatory authorities.

Issue of new shares by the Company for capital increase shall be subject to approval as specified in these Articles of Association and follow the procedures specified in the relevant state laws and administrative regulations.

**Article 25** Pursuant to the Articles of Association, the Company may decrease its registered capital. Such decrease shall be made in accordance with the procedures set out in the Company Law, other relevant provisions and these Articles of Association. Article 22 of the Mandatory Provisions

**Article 26** The Company shall prepare a balance sheet and an inventory of assets when it decreases its registered capital. Article 23 of the Mandatory Provisions

The Company shall notify its creditors within 10 days after adoption of the resolution to decrease the registered capital and shall make announcements in newspapers within 30 days. The creditors shall be entitled to require the Company to repay debts or provide corresponding guarantees for debt repayment within 30 days after the receipt of the notice, or within 45 days after the announcement for creditors if the creditors haven't received the notice. Article 177 of the Company Law

The Company's registered capital shall not, upon the decrease of capital, be less than the statutory minimum limit.

**Article 27** The Company may, upon approval by the relevant competent authorities of the state, repurchase its outstanding shares under the following circumstances in accordance with laws, administrative regulations, Listing Rules, departmental rules and these Articles of Association:

Article 24 of the Mandatory Provisions Paragraph 1 of Article 142 of the Company Law

- (I) cancellation of shares for decrease of the registered capital of the Company;
- (II) merger with other companies holding shares of the Company;
- (III) awarding shares to employees of the Company;
- (IV) requests for the Company to repurchase its shares from shareholders who object to resolutions of the shareholders' general meeting concerning merger or division of the Company;
- (V) using the shares for conversion of convertible corporate bonds issued by the listed company;
- (VI) it is necessary for the listed company to maintain its value and the shareholders' equity;
- (VII) any other circumstances permitted by the laws and administrative regulations and approved by the regulatory authorities.

**Article 28** The Company may, for reasons in (I), (II) or (IV) of Article 27 of these Articles of Association, repurchase its shares in any of the following ways with approval from the relevant competent authority of the state:

Article 25 of the Mandatory Provisions Paragraph 4 of Article 142 of the Company Law

- (I) making a pro rata general offer of repurchase to all its shareholders;
- (II) repurchasing shares through public trading on a stock exchange;
- (III) repurchasing shares by an off-market agreement;
- (IV) any other circumstances permitted by the laws and administrative regulations and approved by the regulatory authorities.

Repurchase of the Company's shares for reasons set out in (III), (V) or (VI) of Article 27 of these Articles of Association shall be conducted by way of open and centralized transaction.

**Article 29** Repurchase of the Company's shares for reasons set out in (I) to (II) of Article 27 of these Articles of Association shall be subject to resolution at a shareholders' general meeting. Repurchase of the Company's shares for reasons set out in (III), (V) or (VI) of Article 27 of these Articles of Association shall be subject to resolution at a Board meeting at which more than two thirds of the directors are present. Article 26 of the Mandatory Provisions Paragraph 2 of Article 142 of the Company Law

In repurchasing shares by an off-market agreement, the Company shall obtain prior approval at a shareholders' general meeting in accordance with these Articles of Association. With prior approval at a shareholders' general meeting in the same way, the Company may cancel or change the contract already concluded in the aforesaid manner or waive any right under the contract.

The contract for repurchasing shares as referred to in the preceding paragraph includes, but is not limited to, an agreement to undertake share repurchase obligations and obtain share repurchase rights. The Company shall not transfer the contract for repurchasing its shares or any of its rights thereunder.

**Article 30** The price of shares which the Company has the right to repurchase for redemption shall not exceed a specific price limit if the repurchase is not made through the market or by tender. If the repurchase is made by tender, tender shall be available to all shareholders on equal conditions. Rule 8(1) and (2), Appendix 3 to the Main Board Listing Rules

**Article 31** Shares lawfully repurchased by the Company under (I) of Article 27 herein shall be cancelled within 10 days from the date of repurchase; shares repurchased under (II) and (IV) of Article 27 herein shall be transferred or cancelled within six months thereafter; and shares of the Company acquired in accordance with (III), (V) and (VI) of Article 27 herein shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within three years. Article 27 of the Mandatory Provisions Paragraphs 2 and 3 of Article 142 of the Company Law

After cancelling the repurchased shares according to laws, the Company shall apply to the original company registration authority for registration of the change of its registered capital and issue an announcement accordingly.

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

**Article 32** The Company shall not accept any shares of the Company as the subject of the pledge. Paragraph 4 of Article 142 of the Company Law

**Article 33** Unless the Company is under liquidation, the Company shall observe the following provisions when repurchasing its outstanding shares: Article 28 of the Mandatory Provisions

- (I) If the Company repurchases its shares at par value, the payment shall be deducted from the book balance of distributable profit of the Company and the proceeds from issue of new shares for repurchasing old shares;
- (II) If the Company repurchases its shares above par value, the part equivalent to the par value shall be deducted from the book balance of distributable profit of the Company and the proceeds from issue of new shares for repurchasing old shares; the part above the par value shall be processed as follows:
  - 1. deducted from the book balance of distributable profit of the Company if the shares repurchased were issued at par value;
  - 2. deducted from the book balance of distributable profit of the Company and the proceeds from issue of new shares for repurchasing old shares if the shares repurchased were issued above par value; but the amount deducted from the proceeds from issue of new shares shall not exceed the total premium obtained at the time of issue of the old shares repurchased and shall not exceed the amount (including premium from issue of new shares) in the premium account (or capital reserve account) of the Company at the time of repurchase;
- (III) The monies paid by the Company for the following purposes shall be deducted from the distributable profit of the Company:
  - 1. acquisition of the rights to repurchase its shares;
  - 2. variation of any contracts for the repurchase of its shares;
  - 3. release from its obligations under any repurchase contracts.
- (IV) After the aggregate par value of the cancelled shares is deducted from the registered capital of the Company pursuant to relevant provisions, the amount deducted from the distributable profit for paying the par value of the shares repurchased shall be stated in the premium account (or capital reserve account) of the Company.

In respect of redeemable shares that the issuer is entitled to repurchase:

- (1) the price shall not exceed a specific price limit if such shares are not repurchased through the market or by tender; and Rule 8 (1) and (2), Appendix 3 to the Main Board Listing
- (2) if the repurchase is made by tender, tender shall be available to all shareholders on equal conditions. Rules

## **Chapter 5 Financial Assistance for Purchasing the Company's Shares**

**Article 34** The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to purchasers or potential purchasers of the Company's shares. The aforesaid purchasers include persons directly or indirectly undertaking obligations because of the purchase of the Company's shares. Article 29 of the Mandatory Provisions

The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.

The provisions herein do not apply to the circumstances set out in Article 36 of these Articles of Association.

**Article 35** Financial assistance referred to in this chapter includes (but is not limited to): Article 30 of the Mandatory Provisions

- (I) gift;
- (II) guarantee (including the case where the guarantor undertakes liability or provides property to ensure fulfillment of obligations by the obligor), compensation (excluding compensation arising from the Company's own error), termination or waiver of rights;
- (III) provision of loan or execution of contract under which the Company fulfils obligations prior to other parties, change of the said loan and the parties to the contract, and transfer of the said loan and rights under the contract; and
- (IV) provision of any other form of financial assistance when the Company is insolvent or has no net assets or its net assets are likely to decrease significantly.

Obligations as referred to herein include the obligations undertaken by the obligor for concluding a contract or making an arrangement (regardless whether the said contract or arrangement is enforceable or whether it is undertaken by the obligor alone or jointly with others) or for changing his/ her financial position in any other form.

**Article 36** The following acts are not deemed as prohibited under Article 34: Article 31 of the  
Mandatory Provisions

- (I) the Company provides the relevant financial assistance for the interest of the Company and the said financial assistance is not mainly intended to repurchase the Company's shares or the said financial assistance is part of a general plan of the Company;
- (II) the Company distributes its properties as dividends in accordance with the law;
- (III) the Company distributes shares as dividends;
- (IV) the Company decreases its registered capital, repurchases its shares and adjusts its equity structure in accordance with these Articles of Association;
- (V) the Company provides a loan for its normal business operations within its business scope (but such financial assistance shall not give rise to a decrease in the net assets of the Company, or, despite a decrease, such financial assistance is deducted from the distributable profit of the Company); and
- (VI) the Company provides loans for employee stock ownership plan (but such financial assistance shall not give rise to a decrease in the net assets of the Company, or, despite a decrease, such financial assistance is deducted from the distributable profit of the Company).

## Chapter 6 Shares and Register of Shareholders

**Article 37** The Company's shares are all registered shares.

Article 32 of the  
Mandatory Provisions  
Rule 1(1), Appendix  
3 to the Main Board  
Listing Rules

Matters specified in the shares of the Company shall also include other matters required by the stock exchange on which the Company's shares are listed, apart from those specified in the Company Law.

During the period when overseas listed shares are listed on the Hong Kong Stock Exchange, the Company shall ensure all of its listing documents (including those of overseas listed shares) contain the following statements, and shall instruct and promote its share transfer registry to reject registration of share subscription, purchase or transfer under the name of any individual holder, unless and until the said individual holder has submitted to the said share transfer registry a signed form relating to the said shares, which form shall contain the following statements:

Rule 19A.52 of the  
Main Board Listing  
Rules

- (I) The purchaser of shares together with the Company and each of its shareholders, and the Company together with each shareholder shall observe and comply with the Company Law and other relevant laws, administrative regulations, Special Regulations and these Articles of Association;
- (II) The purchaser of shares agrees with the Company and each shareholder, director, supervisor, general manager and senior management member of the Company, and the Company acting on its behalf and for each director, supervisor, general manager and senior management member also agrees with each shareholder, to refer all disputes or claims arising from these Articles of Association or from any right and obligation specified by the Company Law or other relevant laws or administrative regulations and with respect to the affairs of the Company, to arbitration, and that any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct a public hearing in open session and to publish its ruling, and the arbitration awards shall be final and conclusive;
- (III) The purchaser of shares agrees with the Company and each of its shareholders that the shares of the Company can be transferred freely by the holders;
- (IV) The purchaser of shares authorizes the Company to conclude a contract on his/her behalf with each director and senior management member, who shall undertake to observe and fulfill their due duties for shareholders as specified in these Articles of Association.

**Article 38** Shares of the Company may be transferred, presented, inherited and pledged pursuant to relevant laws, administrative regulations and these Articles of Association. Transfer instruments and other documents in relation to the ownership of shares shall be registered with the share registry entrusted by the Company.

Rule 1(1), Appendix  
3 to the Main Board  
Listing Rules

**Article 39** Shares shall be signed by the chairman of the Board. Other relevant senior management members of the Company shall also sign the shares if required by the stock exchange on which the Company's shares are listed. The shares shall come into effect after affixing or printing of the Company's seal on the shares. After the Company's seal is affixed to or printed on the shares, authorization of the Board is required. The signature of the chairman or other relevant senior management members of the Company may also be printed on the shares.

Article 33 of the  
Mandatory Provisions

Letter of  
Supplementary  
Opinions – No. 1

Rule 2(1), Appendix  
3 to the Main Board  
Listing Rules

Issue or trading of the shares of the Company in a non-paper form shall comply with other provisions of the securities regulatory authorities and the stock exchange of the place where the Company's shares are listed.

**Article 40** The Company shall establish a register of shareholders recording the following matters:

Article 34 of the  
Mandatory Provisions

- (I) names, addresses (domiciles), occupations or nature of shareholders;
- (II) type and number of shares held by the shareholders;
- (III) monies paid or payable for the shares held by the shareholders;
- (IV) serial numbers of the shares held by the shareholders;
- (V) date on which the shareholders are registered as shareholders;
- (VI) date on which the shareholders cease to be shareholders.

The register of shareholders is a sufficient evidence of the shareholders' shareholdings in the Company unless there is evidence to the contrary.

**Article 41** Subject to these Articles of Association and all the other applicable provisions, once the shares of the Company are transferred, the name of the transferee shall be listed in the register of shareholders as the holder of the said shares.

Rule 1(1), Appendix 3 to the Main Board Listing Rules

All transfer instruments and other documents relating to or affecting the ownership of any overseas listed shares shall be registered. If any fees are charged in respect of such registration, such fees shall not exceed the highest fees as prescribed by the Hong Kong Stock Exchange from time to time in the Listing Rules.

Rule 1(3), Appendix 3 to the Main Board Listing Rules

Where two or more persons are registered as joint holders of any shares, they shall be deemed as joint holders of the said shares subject to the following restrictions:

- (I) the restricted number of holders jointly registered shall not exceed four if the Company is entitled to restrict the number of shareholders of joint holder account;
- (II) all joint holders of any shares shall jointly and severally assume obligations for all amounts payable for relevant shares;
- (III) if one of the joint holders dies, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares. The Board shall have the right, for the purpose of making amendments to the register of shareholders, to demand a death certificate of the relevant shareholder where it deems appropriate to do so; and
- (IV) among the joint holders of any shares, only the joint holder that is listed first in the register of shareholders shall be entitled to take relevant shares, receive notices of the Company, and attend the shareholders' general meetings of the Company or exercise the full voting right of the relevant shares. Any notice served to the aforesaid person shall be deemed as having been served to all the joint holders of the relevant shares. Any one of the joint holders may sign a proxy authorization form, but if more than one joint holder attends the shareholders' general meeting in person or by proxy, the resolution made by the joint holder with priority shall be accepted as the sole resolution made on behalf of other joint holders (regardless of whether it is made in person or by proxy). In this respect, the priority of shareholders shall be determined according to the order of ranking of the joint holders of relevant shares in the register of shareholders.

**Article 42** The Company may keep overseas the original of the register of holders of overseas listed shares and entrust it to the care of an overseas agency in accordance with the understanding and agreement reached between the securities regulatory authorities under the State Council and the overseas securities regulatory authorities. The original of the register of holders of overseas listed shares listed on the Hong Kong Stock Exchange shall be kept in Hong Kong. The Company shall keep at its domicile a copy of the register of holders of overseas listed shares; the entrusted overseas agency shall always ensure that the original and copies of the register of holders of overseas listed shares are consistent.

Article 35 of the  
Mandatory Provisions  
Letter of  
Supplementary  
Opinions – No. 2  
Rule 1(b), Appendix  
13D to the Main  
Board Listing Rules

Where the original and copies of the register of holders of overseas listed shares are inconsistent, the original shall prevail.

**Article 43** The Company shall keep a complete register of shareholders. The register of shareholders shall include the following parts:

Article 36 of the  
Mandatory Provisions

- (I) Register of shareholders kept at the domicile of the Company, save as specified in (II) and (III) herein;
- (II) Register of holders of overseas listed shares of the Company kept at the overseas stock exchange;
- (III) Register of shareholders that the Board decides to keep at other places for the purpose of listing the shares of the Company.

**Article 44** The respective parts of the register of shareholders shall not overlap each other. In the event of transfer of shares registered in a specific part of the register of shareholders, the said shares shall not be registered in any other part of the register of shareholders in the duration of registration of the said shares.

Article 37 of the  
Mandatory Provisions

Any change or correction of any part of the register of shareholders shall comply with the relevant laws of the location where the said part is kept.

**Article 45** All transfers of overseas listed shares shall be executed with a written transfer instrument in a general or common format or any other format acceptable to the Board (including the standard transfer format or transfer form specified by the Hong Kong Stock Exchange from time to time); the written transfer instrument may be signed under hand, or (if the transferor or the transferee is a company) by the corporate seal. Where the transferor or transferee of the Company's shares is a recognized clearing house (hereinafter referred to as the "**Recognized Clearing House**") as defined under the laws of Hong Kong or its agents, the written transfer instrument may be signed in a machine-printed form.

Letter of  
Supplementary  
Opinions – No. 12  
Rules 1(1), (2) and  
(3), Appendix 3 to the  
Main Board Listing  
Rules

All overseas listed shares listed in Hong Kong for which full payment has been made may be transferred freely in accordance with these Articles of Association. However, the Board may refuse to recognize any transfer instrument without providing any reason, unless:

Rule 19A.46 of the  
Main Board Listing  
Rules

- (I) the transfer instrument and other documents relating to or likely affecting the ownership of any shares shall be registered, and the payment therefore shall not exceed the maximum payment specified in the Listing Rules by the Hong Kong Stock Exchange from time to time;
- (II) the transfer instrument only involves overseas listed shares listed in Hong Kong;
- (III) the stamp tax payable on the transfer instrument has been paid;
- (IV) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares shall be provided;
- (V) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed four;
- (VI) the Company does not have any lien over the relevant shares; and
- (VII) no transfer shall be made to minors or persons of unsound mind or others under legal disability.

Where the Board refuses to register any transfer of shares, the Company shall provide the transferor and the transferee with a notification of refusal in relation to registration of transfer of shares within two months from the date on which the application for the transfer is officially filed. All transfer instruments shall be maintained at the statutory address of the Company or such places as the Board may designate from time to time.

**Article 46** Shares of the Company held by the promoters shall not be transferred within one year after incorporation of the Company. Article 141 of the Company Law

The directors, supervisors and senior management of the Company shall report to the Company their shareholdings in the Company and changes thereof and shall not transfer more than 25% of all the shares they hold in the Company per annum during their terms of office; the aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company. Such restrictions shall comply with the relevant provisions of the Main Board Listing Rules if overseas listed shares are involved.

**Article 47** Subject to approval of the securities regulatory authorities under the State Council, holders of domestic shares of the Company may transfer all or part of their shares to foreign investors and have their shares listed and traded on an overseas stock exchange and may convert all or part of the domestic shares into overseas listed shares, and have these shares listed traded on an overseas stock exchange. The converted shares shall also comply with the regulatory procedures, provisions and requirements of the overseas securities market when listed and traded on an overseas stock exchange.

The Company does not need to hold a shareholders' general meeting or a class shareholders' meeting to vote for the listing and trading of the converted shares on an overseas stock exchange or the conversion of domestic shares into overseas listed shares for listing and trading on an overseas stock exchange. The overseas listed shares converted from domestic shares shall be of the same class with as original overseas listed shares foreign shares, and they are both overseas listed shares.

**Article 48** No changes resulting from share transfers may be made to the register of shareholders within 30 days prior to a shareholders' general meeting or five days prior to the record date set by the Company for the purpose of distribution of dividends. Article 38 of the Mandatory Provisions

**Article 49** If the Company convenes a shareholders' general meeting, distributes dividends, liquidates or carries out other activities which would require the determination of shareholdings, the Board shall fix a date for ascertainment of the shareholding. Upon the close of such date, the shareholders who remain on the register shall be deemed as the shareholders of the Company. Article 39 of the Mandatory Provisions

**Article 50** Any person who objects to the register of shareholders and asks to have his/her name entered in or removed from the register of shareholders may apply to the court of competent jurisdiction for rectification of the register of shareholders. Article 40 of the Mandatory Provisions

**Article 51** Any shareholder who is registered in, or any person who requests to have his/her name entered in, the register of shareholders may, if his/her share certificates (hereinafter referred to as the “**Original Certificates**”) are lost, apply to the Company for replacement share certificates in respect of such shares (hereinafter referred to as the “**Relevant Shares**”).

Article 41 of the  
Mandatory Provisions

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

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

If a holder of overseas listed shares loses his/her share certificates and applies for their replacement, the issue of replacement certificates to that holder shall comply with the following requirements:

- (I) the applicant shall submit an application in the standard format designated by the Company accompanied by a notarial document or statutory declaration, containing the grounds on which the application is made, the circumstances and evidence of the loss of the share certificates and the declaration that no other person may request to be registered as a shareholder in respect of the Relevant Shares.
- (II) no statement has been received by the Company from a person other than the applicant for having his/her name registered as a holder of the Relevant Shares before the Company came to a decision to issue the replacement certificates.
- (III) the Company shall, if it decides to issue a replacement certificate to the applicant, make an announcement of its intention to issue the replacement certificate in such newspapers designated by the Board. The announcement shall be made at least once every 30 days in a period of 90 days. The newspapers and periodicals designated by the Board shall be at least one Chinese and English newspaper recognized by the Hong Kong Stock Exchange.
- (IV) the Company shall, prior to the publication of its announcement of intention to issue a replacement certificate, deliver to the Hong Kong Stock Exchange a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from the Hong Kong Stock Exchange that the announcement has been exhibited at its premises. The announcement shall be exhibited at the premises of the Hong Kong Stock Exchange for a period of 90 days. In case an application to issue a replacement certificate has been made without the consent of the registered holder of the Relevant Shares, the Company shall send by post to such registered shareholder a copy of the announcement to be published.

(V) if, upon expiration of the 90-day period referred to in (III) and (IV) of this Article, the Company has not received from any person any objection to the issue of replacement share certificate, the Company may issue a replacement share certificate to the applicant according to his/her application.

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

(VII) all expenses relating to the cancellation of an Original Certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 52** Where the Company issues a replacement certificate pursuant to these Articles of Association, the name of a bona fide purchaser who obtains the aforesaid new share certificate or a shareholder who is thereafter registered as the owner of such shares (in the case where he/she is a bona fide purchaser) shall not be removed from the register of shareholders. Article 42 of the Mandatory Provisions

**Article 53** The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the Original Certificate or the issue of the replacement certificate, unless the claimant proves that the Company has acted fraudulently. Article 43 of the Mandatory Provisions

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

**Article 54** Shareholders of the Company are persons lawfully holding shares of the Company, with names recorded in the register of shareholders. Article 44 of the Mandatory Provisions

A shareholder shall enjoy rights and bear obligations according to the class and quantity of his shares. Holders of the same class shall enjoy the same rights and bear the same obligations. Rule 9, Appendix 3 to the Main Board Listing Rules

All classes of shareholders of the Company shall rank *pari passu* over any distribution by way of dividend or any other forms of distribution. Rule 12, Appendix 3 to the Main Board Listing Rules

If a shareholder of the Company is a legal person, its rights shall be exercised by its legal representative or proxy of its legal representative on his behalf.

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

- Article 55** Holders of ordinary shares of the Company shall have the following rights:
- Article 45 of the Mandatory Provisions Article 97 of the Company Law
- (I) to receive dividends and other distributions in proportion to the number of shares they hold;
  - (II) to lawfully require, convene, preside over, attend or appoint a proxy to attend shareholders' general meetings and to vote thereat as per their shareholdings; Rule 19A.50 of the Main Board Listing Rules
  - (III) to supervise, present suggestions on or make inquiries about the business activities of the Company; Paragraph 2 of Article 102 of the Company Law
  - (IV) to transfer, gift or pledge their shares in accordance with laws, administrative regulations and these Articles of Association;
  - (V) to obtain relevant information in accordance with these Articles of Association, including:
    - 1. to obtain a copy of these Articles of Association, subject to payment of a charge;
    - 2. to inspect and copy, subject to payment of a reasonable charge:
      - (1) a copy of register of all classes of shareholders;
      - (2) personal particulars of each of directors, supervisors, general manager and other senior management members of the Company, including:
        - (a) present name and alias and any former name and alias;
        - (b) principal address (domicile);
        - (c) nationality;
        - (d) primary and all other part-time occupations and positions;
        - (e) identity document and numbers thereof.
      - (3) report on the state of the issued share capital of the Company;
      - (4) latest audited financial statements of the Company, and the reports of the Board, auditors, and the Supervisory Committee;
      - (5) special resolutions of the Company;

- (6) report (with a breakdown of domestic shares and foreign shares) showing the quantity and par value, aggregate costs incurred, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the last fiscal year;
- (7) minutes of shareholders' general meetings (for shareholders' inspection only);
- (8) register of corporate bonds, minutes of shareholders' general meetings (for shareholders' inspection only), special resolutions of shareholders' general meetings, resolutions of the Board and resolutions of the Supervisory Committee of the Company;
- (9) copy of the latest annual inspection report filed with the State Administration for Industry & Commerce of the People's Republic of China or other competent authorities;

Except for documents mentioned in (2), the Company shall keep all documents stated in (1) to (9) above and any other applicable documents at its domicile in Hong Kong according to the requirements of the Main Board Listing Rules for the inspection of the public and holders of overseas listed shares free of charge. Rule 19A.50 of the Main Board Listing Rules

The Company may refuse any inspecting or copying request which involves commercial secrets and insider information on the Company and privacy of relevant personnel.

- (VI) upon termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the quantity of shares held by them;
- (VII) to require the Company to repurchase its shares held by the dissident shareholders when they cast votes against the proposal for merger or division at the shareholders' general meeting of the Company;
- (VIII) for shareholder(s) severally or jointly holding more than 3% shares of the Company, to submit written provisional proposals to the Board 10 days before a shareholders' general meeting is convened;
- (IX) to enjoy other rights stipulated by laws, administrative regulations, departmental rules or these Articles of Association.

**Article 56** Holders of ordinary shares of the Company shall assume the following obligations: Article 46 of the Mandatory Provisions

- (I) to observe laws, administrative regulations and these Articles of Association; Article 83 of the Company Law
- (II) to pay subscription monies as per the number of shares subscribed and the method of subscription;
- (III) to bear liability for the Company to the limit of the shares they hold;
- (IV) not to withdraw their fund contribution after approval and registration by the Company, unless required by laws and regulations;
- (V) to fulfil other obligations stipulated by laws, administrative regulations and these Articles of Association.

Unless otherwise specified, shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscriber of the relevant shares on subscription.

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

- (I) relieving a director or supervisor of the responsibility to act honestly in the best interest of the Company;
- (II) approving a director or supervisor (for his/her own or other person's benefit) to deprive the Company of its property in any form, including (but not limited to) any opportunities that are favorable to the Company;
- (III) approving a director or supervisor (for his/her own or other person's benefit) to deprive another shareholder of his/her personal interests, including (but not limited to) any right to distribution and voting right, but excluding the restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with these Articles of Association.

**Article 58** The term “controlling shareholder(s)” in these Articles of Association shall refer to the person(s) satisfying any of the following conditions:

Article 48 of the  
Mandatory Provisions

- (I) any person acting alone or in concert with others has the power to elect more than half of the directors;
- (II) any person acting alone or in concert with others has the power to exercise or control the exercise of 30% or more of the Company’s voting rights;
- (III) any person acting alone or in concert with others holds 30% or more of the issued and outstanding shares of the Company;
- (IV) any person acting alone or in concert with others has actual control over the Company in any other manner.

For the purpose of this Article, “acting in concert” represents the consensus reached between two or more persons by way of agreement, whether verbal or written, to acquire voting rights in the Company by any one of them, for the purpose of controlling or consolidating the control over the Company.

### **Chapter 8 Shareholders’ General Meeting**

**Article 59** The shareholders’ general meeting is the organ of authority of the Company, which shall exercise its functions and powers according to laws.

Article 49 of the  
Mandatory Provisions

**Article 60** The shareholders’ general meeting shall exercise the following functions and powers:

Article 50 of the  
Mandatory Provisions  
Articles 99 and 121  
of the Company Law

- (I) to determine the business guidelines and investment plans of the Company;
- (II) to elect and replace directors and supervisors who are not representatives of the employees and to determine matters relating to remuneration of the directors and supervisors;
- (III) to consider and approve the reports of the Board;
- (IV) to consider and approve the reports of the Supervisory Committee;
- (V) to consider and approve the annual financial budgets and the final accounts of the Company;
- (VI) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (VII) to resolve on increase or decrease of the registered capital of the Company;

- (VIII) to resolve on the Company's issue of bonds, any class of shares, warrants and other similar securities;
- (IX) to resolve on the merger, division, dissolution and liquidation of the Company or changes in the form of the Company;
- (X) to amend these Articles of Association;
- (XI) to consider proposals submitted by shareholder(s) severally or jointly holding more than 3% of the voting shares of the Company;
- (XII) to resolve on the appointment, reappointment or dismissal of accounting firms;
- (XIII) to consider and approve the external guarantees of the Company that require the approval by the shareholders' general meetings;
- (XIV) to consider the acquisition or disposal of material assets or provision of guarantee by the Company within one year with a value exceeding 30% of the latest audited total assets of the Company;
- (XV) to consider equity incentive schemes;
- (XVI) to resolve on other matters to be resolved thereby as required by laws, administrative regulations, departmental rules and these Articles of Association;
- (XVII) to consider other matters as required by the listing rules of the stock exchange of the place where the Company's shares are listed.

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

1. subject to the applicable laws, regulations and listing rules, to give a general mandate to the Board to issue, allot and deal with additional H shares not exceeding 20% of the H shares of the Company in issue (or other proportions as required by the applicable laws, regulations and listing rules) and authorize the Board to make corresponding amendments to these Articles of Association as it deems fit so as to reflect the new capital structure upon the allotment or issuance of shares;

2. to authorize the Board, within the cap amount of debt issuance authorized by the shareholders' general meeting, to determine the specific terms and the relevant matters in relation to the issuance of the debt financing instruments such as domestic short-term financial instruments, medium-term notes, corporate bonds, overseas USD bonds based on the needs for production, operation and capital expenditure as well as the market conditions, including (but not limited to) the determination of the value, interest rate, term, targeted group and use of proceeds of the bonds being actually issued, as well as the preparation, signing and disclosure of all necessary documents thereof subject to the aforementioned limit .

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

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

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

**Article 62** Without the prior approval of the shareholders' general meeting, the Company shall not enter into any contract with any party (other than a director, supervisor, general manager and other senior management member) regarding the transfer of the management of all or any major part of the Company's businesses to such party. Article 51 of the Mandatory Provisions

**Article 63** Shareholders' general meetings are classified into annual shareholders' general meetings and extraordinary shareholders general meetings. Shareholders' general meetings shall be convened by the Board of Directors. The annual shareholders' general meetings shall be convened once a year within six months from the end of the previous fiscal year.

Article 52 of the  
Mandatory Provisions  
Article 6 of Opinions  
on Regulated  
Operation and  
Indepth Reform  
Article 100 of the  
Company Law

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

- (I) when the number of directors is less than the number stipulated in the Company Law or two-thirds of the number required in these Articles of Association;
- (II) when the unrecovered losses of the Company amount to one-third of the total amount of its paid-in share capital;
- (III) where any shareholder(s) holding individually or collectively 10% or more of the Company's shares request(s) in writing for the convening of an extraordinary shareholders' general meeting;
- (IV) when deemed necessary by the Board or when requested by the Supervisory Committee;
- (V) when proposed by two or more of independent non-executive directors;
- (VI) other situations stipulated in laws, administrative regulations, departmental rules, listing rules of the stock exchange of the place where the Company's shares are listed or these Articles of Association.

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

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

Article 72 of the  
Mandatory Provisions  
Article 101 of the  
Company Law

- (I) Two or more shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may sign one or more written requests of identical form of content requesting the Board to convene an extraordinary shareholders' general meeting or a class meeting and stating the subject of the meeting. The Board shall convene an extraordinary shareholders' general meeting or a class meeting as soon as possible after having received the aforesaid written request. The aforesaid shareholding shall be calculated as of the day on which the written request is made.
- (II) If the Board fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, the shareholders who made such request may request the Supervisory Committee to convene the extraordinary shareholders' general meeting or class meeting.
- (III) If the Supervisory Committee fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, shareholders, for more than 90 consecutive days, individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may convene the meeting of their own accord within four months upon the Board having received such request. The convening procedures shall, to the greatest extent possible, be identical to procedures according to which the shareholders' general meetings are to be convened by the Board.

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

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

Article 54 of the  
Mandatory Provisions  
Article 102 of the  
Company Law

**Article 66** Where the Company convenes a shareholders' general meeting, a notice shall be given 20 working days before the meeting to notify each of the shareholders of the time and venue of the meeting and matters to be deliberated; the period of notification for extraordinary general meeting shall be 15 days or 10 working days before the meeting, whichever is longer. For notices given under this Article, the date posted shall be the date of delivering the relevant notice to post office by the Company or the share registrar engaged by the Company.

Article 102 of the Company Law  
Article 57 of the Mandatory Provisions Rule 7(3), Appendix 3 to the Main Board Listing Rules  
Rule 7(1), Appendix 3 to Main Board Listing Rules

Unless otherwise provided by these Articles of Association, the notice of the shareholders' general meeting shall be sent to shareholders (regardless of their voting rights at the shareholders' general meeting) by hand or pre-paid post to the address of the recipient as specified in the register of shareholders. For holders of domestic shares, notices of shareholders' general meetings may be issued in the form of public announcement.

Public announcement referred to in the preceding paragraph shall be published in one or more newspaper(s) designated by the securities regulatory authorities under the State Council during the period between 20 working days to 25 working days prior to the date of the meeting. Once the announcement has been published, all holders of domestic shares shall be deemed to have received notice of the relevant meeting.

Notices of shareholders' general meetings served on holders of overseas listed shares may be published on the website designated by the Hong Kong Stock Exchange and the website of the Company. Upon the publication of the announcement, all holders of overseas listed shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

**Article 67** The shareholders' general meeting shall not decide on any matter not stated in the notice as referred in Article 65 and Article 66 of the Articles of Association.

Paragraph 3 of Article 102 of the Company Law

**Article 68** The notice of a shareholders' general meeting shall meet the following criteria: Article 56 of the  
Mandatory Provisions

- (I) it shall be made in writing;
- (II) it shall specify the time, venue and date of the meeting;
- (III) it shall set out the matters to be considered at the meeting;
- (IV) it shall provide shareholders with such information and explanation as necessary for them to make informed decisions on the matters to be considered. This principle includes (but is not limited to), where a proposal is made to merge the Company with another, to repurchase shares, to restructure the share capital, or to reorganize the Company in any other way, the terms of the proposed transaction shall be provided in detail together with copies of the proposed contract (if any), and the cause and effect of the such proposal shall be properly explained;
- (V) it shall disclose the nature and degree of the material interest of any director, supervisor, general manager and other senior management member in the matters to be considered. In case that the impact of the matters to be considered on such director, supervisor, general manager and other senior management member as a shareholder is different from that on other holders of the same class of shares, the difference shall be explained;
- (VI) it shall set out the full text of any special resolution to be proposed at the meeting;
- (VII) it shall contain conspicuously a statement that a shareholder eligible for attending and voting is entitled to appoint one or more proxies to attend and vote on his/her behalf and that a proxy need not be a shareholder;
- (VIII) it shall specify the delivery time and place of the proxy form for voting at the meeting.

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

**Article 70** Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his/her proxy to attend and vote on his/her behalf. According to the appointment of the shareholder, a proxy so appointed shall:

Article 59 of the  
Mandatory Provisions

- (I) have the same right as the shareholder to speak at the meeting;
- (II) have the right to individually or jointly demand a poll;
- (III) have the right to vote by hand or on a poll, but when more than one proxy has been appointed, the proxies only have the right to vote on a poll.

**Article 71** Shareholders shall appoint a proxy by written instrument which is signed by the appointer or his/her agent so authorized in writing, or if the appointer is a legal person, sealed by the stamp of the legal person or signed by its director or agent so officially authorized.

Article 60 of the  
Mandatory Provisions

**Article 72** The form appointing a voting proxy shall be placed 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. Where such proxy form is signed by another person as authorized by the appointer, the power of attorney or other authorization document shall be notarized. The notarized power of attorney or other authorization document shall be placed together with the form appointing the voting proxy at the domicile of the Company or at such other place as specified in the notice of the meeting.

Article 61 of the  
Mandatory Provisions  
Opinions of HKSCC

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

Where the said shareholder is a recognized clearing house (or its agent) as defined in the relevant ordinance enacted from time to time in Hong Kong, the shareholder may authorize one or more persons as it thinks fit to act as its representative(s) at any shareholders' general meeting or any class meeting provided that, if more than one person is so authorized, the power of attorney shall clearly state the number and class of shares for which each person is so authorized and shall be signed by the authorized personnel appointed by the recognized clearing house. The persons so authorized may represent the recognized clearing house (or its agent) to exercise the rights at any meeting (without being required to present share certificate, notarized power of attorney and/or further evidence of due authorization), as if such person were an individual shareholder of the Company.

**Article 73** Any proxy form issued to a shareholder by the Board of the Company for the purpose of appointing a proxy of shareholder shall be in such form which enables the shareholder, according to his/her free will, to instruct his/her proxy to vote in favour of or against the resolutions proposed and in respect of each individual matter to be voted on at the meeting. Such a proxy form shall contain a statement that in the absence of instructions by the shareholder, his/her proxy may vote as he/she thinks fit. Article 62 of the Mandatory Provisions

Save as provided above, the aforesaid proxy form shall also contain the following information: the number of shares represented by and name of the proxy; whether voting power is granted to the proxy; whether the proxy is entitled to vote for the temporary resolution proposed at the shareholders' general meeting; instruction of how to vote if voting power is granted; and date of appointing a proxy and the effective period for such appointment . Where a shareholder appoints more than one proxy, he/she shall specify the number of shares represented by each proxy in the proxy form.

Where the shareholders' general meeting is attended by proxy, he/she shall produce the identification proof and letter of authorization signed by the appointer or its legal representative which indicates the date of appointing. Where corporate shareholder appoints its legal representative to attend the meeting, the legal representative shall produce the identification proof and the copy of the notarized resolutions of the Board or other authorities of the legal person appointing the said legal representative or other certified copy permitted by the Company.

**Article 74** Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given by the proxy in accordance with the power of attorney shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting. Article 63 of the Mandatory Provisions

**Article 75** A shareholders' general meeting shall be convened and chaired by the chairman of the Board. If the chairman of the Board is unable to or fails to perform his/her duties, the meeting shall be convened and chaired by the director elected by more than half of the directors jointly. If no chairman of a meeting is appointed, shareholders present at the meeting may elect one person as a chairman of the meeting. If no chairman of the meeting is elected by shareholders for any reason, the shareholder present at the meeting holding the largest number of voting shares (including his/ her proxy) shall be the chairman of such meeting.

Article 73 of the  
Mandatory Provisions  
Article 101 of the  
Company Law

A shareholders' general meeting convened by the Supervisory Committee itself shall be presided over by the chairman of the Supervisory Committee. Where the chairman of the Supervisory Committee is unable or fails to fulfill the duties thereof, a supervisor elected by more than half of the supervisors shall chair the meeting.

A shareholders' general meeting convened by the shareholders themselves shall be chaired by a representative elected by the convening shareholders.

Where a shareholders' general meeting is held and the chairman of the meeting violates the rules of procedure which makes it difficult for the shareholders' general meeting to continue, a person may be elected at the shareholders' general meeting to act as the chairman so as to carry on with the shareholders' general meeting, subject to the approval of more than half of the attending shareholders having the voting rights. If no chairman of the meeting is elected by shareholders for any reason, the shareholder present at the meeting holding the largest number of voting shares (including his/ her proxy) shall be the chairman of such meeting.

**Article 76** The resolutions of the shareholders' general meeting shall be classified as ordinary resolutions and special resolutions.

Article 64 of the  
Mandatory Provisions

Ordinary resolutions put forward at the shareholders' general meeting shall be adopted by not less than half of shareholders (including their proxies) with voting rights attending the meeting.

Special resolutions put forward at the shareholders' general meeting shall be adopted by not less than two-thirds of the shareholders (including their proxies) with voting rights attending the meeting.

A shareholder (including his/her proxy) present the meeting shall vote in favor of or against or abstain from voting on each resolution relating to every matter which has been put to vote at the relevant meeting. If a shareholder or his/her proxy casts abstention vote or abstains from voting, any vote cast by such shareholder or his/her proxy shall not be counted in the voting results of the Company.

<p><b>Article 77</b> Shareholders (including proxies thereof) who vote at a shareholders' general meeting shall exercise their voting rights in proportion to the amount of voting shares they represent. Each share carries the right to one vote. However, the Company has no voting right for the shares it holds, and such part of shares shall be excluded from the total number of voting shares represented by the shareholders attending the shareholders' general meeting.</p>	<p>Article 65 of the Mandatory Provisions Paragraph 1 of Article 103 of the Company Law Rule 14, Appendix 3 to the Main Board Listing Rules</p>
<p>Where any shareholder is required to waive his/her voting rights or is restricted to cast only affirmative or dissenting vote on a certain issue in accordance with applicable laws and regulations and the Hong Kong Stock Exchange listing rules, any vote cast by the said shareholder or proxy thereof in violation of the relevant provisions or restrictions shall not be counted into the voting results.</p>	
<p><b>Article 78</b> Voting at a shareholders' general meeting shall be taken by open ballot or other means as permitted by applicable Listing Rules.</p>	<p>Article 66 of the Mandatory Provisions</p>
<p><b>Article 79</b> The same voting right shall only be exercised by one of the means including on-site or by other ways. In the event that the same voting right has been exercised twice, the results of the first voting shall prevail.</p>	<p>Article 67 of the Mandatory Provisions</p>
<p><b>Article 80</b> In voting, shareholders (including proxies thereof) entitled to two or more votes need not cast all the votes in the same way of pros, cons or abstention.</p>	<p>Article 68 of the Mandatory Provisions</p>
<p><b>Article 81</b> If pros and cons are equal, the chairman of the meeting shall be entitled to an additional vote.</p>	<p>Article 69 of the Mandatory Provisions</p>
<p><b>Article 82</b> The following matters shall be approved by ordinary resolutions at a shareholders' general meeting:</p>	<p>Article 70 of the Mandatory Provisions</p>
<ul style="list-style-type: none"> <li>(I) work reports of the Board and the Supervisory Committee;</li> <li>(II) profit distribution plans and loss recovery plans formulated by the Board;</li> <li>(III) appointment and dismissal of the members of the Board and the Supervisory Committee (excluding employee representative supervisors), their remunerations and the method of payment thereof;</li> <li>(IV) annual financial budgets, final accounts, balance sheets, income statements and other financial statements of the Company;</li> <li>(V) matters other than those stipulated by laws, administrative regulations or these Articles of Association to be approved by special resolutions.</li> </ul>	

- Article 83** The following matters shall be approved by special resolutions at a shareholders' general meeting:
- (I) increase or reduction in share capital of the Company and the issue of any class of shares, warrants and other similar securities;
  - (II) issue of corporate bonds of the Company;
  - (III) division, merger, dissolution and liquidation of the Company;
  - (IV) changes in the form of the Company;
  - (V) acquisition or disposal of material assets or provision of guarantee by the Company within one year with a value exceeding 30% of the latest audited total assets of the Company;
  - (VI) amendment to these Articles of Association;
  - (VII) consideration and implementation of equity incentive scheme;
  - (VIII) repurchase of shares of the Company;
  - (IX) any other matter specified in the laws, administrative regulations or these Articles of Association and confirmed by an ordinary resolution at a shareholders' general meeting that it may have material impact on the Company and accordingly shall be approved by special resolutions;
  - (X) other matters requiring adoption by special resolutions pursuant to the Listing Rules.

Article 71 of the Mandatory Provisions Paragraph 2 of Article 103 and Article 121 of the Company Law

**Article 84** If the shareholders' general meeting requires all the directors, supervisors, the general manager and other senior management members of the Company to attend the meeting, they shall attend the meeting. The directors, supervisors, general manager and other senior management members attending or present at the meeting shall answer or explain inquiries made by shareholders except that the business secrets of the Company are involved and cannot be disclosed at the shareholders' general meeting.

Article 150 of the Company Law

**Article 85** The chairman of the meeting shall be responsible for determining whether a resolution at a shareholders' general meeting is passed pursuant to the voting result. His/her decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes.

Article 74 of the Mandatory Provisions

- Article 86** The method and procedure for nomination of directors and supervisors (excluding employee representative supervisors) to be elected at a shareholders' general meeting are as follows:
- Letter of  
Supplementary  
Opinions – No. 4  
Rule 4(4), Appendix  
3 to the Main Board  
Listing Rules  
Rule 4(5), Appendix  
3 to the Main Board  
Listing Rules
- (I) shareholder(s) severally or jointly holding more than 3% of the outstanding voting shares of the Company may propose in writing director candidates or supervisor candidates who are not employee representatives to the shareholders' general meeting, but the number of nominees shall comply with these Articles of Association and shall not exceed the number of directors or supervisors to be elected. The said proposals shall be submitted to the Company at least 7 days before convening of the shareholders' general meeting.
  - (II) directors or supervisors may propose a list of director or supervisor candidates as per the number specified in these Articles of Association and the number of the directors or supervisors to be elected and submit it to the Board and the Supervisory Committee for examination respectively. After the Board or the Supervisory Committee examined the list and resolved on the candidates of directors or supervisors, they shall submit the results to the shareholders' general meeting through written proposal.
  - (III) the written notice of the intention to nominate director candidates or supervisor candidates who are not employee representatives and the nominee's will to accept the nomination, as well as relevant written documents about the information of the nominee shall be submitted to the Company at least 7 days before convening of the shareholders' general meeting (The 7-day notice period shall start no earlier than the next day after the issue of the notice of the meeting for such election designated and end no later than 7 days prior to the shareholders' general meeting). The Board and the Supervisory Committee shall provide shareholders with the brief biographies and background information of the director or supervisor candidates.
  - (IV) the period given by the Company to nominate director or supervisor candidates and nominees for submitting the aforesaid notice and documents (the period shall be calculated from the day following the date of issue of the notice of shareholders' general meeting) shall not be less than 7 days.
  - (V) the director or supervisor candidates shall be voted on separately at the shareholders' general meeting.
  - (VI) in the event of a temporary vacancy of director or supervisor, the Board or the Supervisory Committee shall propose to elect or replace one at the shareholders' general meeting.

**Article 87** If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote, he/she may have the ballots counted . If the chairman of the meeting has not counted the ballots, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the voting result, demand that the ballots be counted and the chairman of the meeting shall have the ballots counted immediately. Article 75 of the Mandatory Provisions

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

The minutes together with the attendance record of shareholders and the powers of attorney of the proxies shall be kept at the domicile of the Company.

**Article 89** Shareholders may have access to copies of the minutes free of charge during the office hours of the Company. If any shareholder asks for copies of relevant meeting minutes, the Company shall send out the said copies within 7 days after receipt of reasonable expenses. Article 77 of the Mandatory Provisions

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

**Article 90** Holders of different classes of shares are class shareholders. Article 78 of the Mandatory Provisions, Rules 10(1) and (2), Appendix 3 to the Main Board Listing Rules

Class shareholders shall enjoy rights and assume obligations according to the laws, administrative regulations and these Articles of Association.

Apart from holders of other classes of shares, holders of domestic shares and overseas listed shares are deemed to be shareholders of different classes. If the share capital of the Company includes shares without voting rights, then the said shares shall be marked with "without voting right".

If the share capital includes shares with different voting rights, then each class of shares (except those with most preferential voting right) shall be marked with "restricted voting right" or "limited voting right".

**Article 91** Any proposed change or annulment by the Company to the rights of class shareholders shall not come into effect unless approved by special resolutions at a shareholders' general meeting and a separate shareholders' general meeting convened by the class shareholders so affected in accordance with Articles 93 to 97 of these Articles of Association. Article 79 of the Mandatory Provisions

Where any change in domestic and overseas laws, administrative regulations and listing rules of the place of listing or any decision made by the domestic or overseas regulatory authority gives rise to change or annulment of the rights of class shareholders, approval by a shareholders' general meeting or class meeting is unnecessary.

Where the holders of domestic shares of the Company transfer their shares to overseas investors and list the said shares overseas or convert all or part of their domestic shares into overseas listed shares for listing and trading on overseas stock exchange(s), it shall not be deemed that the Company proposes to change or annul the rights of class shareholders.

**Article 92** The following circumstances shall be deemed as change or annulment of the rights of a certain class shareholder: Article 80 of the Mandatory Provisions

- (I) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (II) to change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant relevant conversion rights;
- (III) to cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;
- (IV) to reduce or cancel rights attached to the shares of such class to preferentially receive dividends or to preferentially receive distributions of assets in a liquidation of the Company;
- (V) to add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Company attached to the shares of such class;
- (VI) to cancel or reduce rights to receive payments made by the Company in a particular currency attached to the shares of such class;
- (VII) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (VIII) to restrict the transfer or ownership of the shares of such class or to impose additional restrictions;

- (IX) to issue rights to subscribe for, or to convert into, shares of such class or another class;
- (X) to increase the rights and privileges of the shares of another class;
- (XI) to restructure the Company in such a way as to cause shareholders of different classes to bear liabilities disproportionately during the restructuring; and
- (XII) to amend or cancel provisions of this chapter.

**Article 93** Where issues specified in (II) to (VIII), (XI) to (XII) of Article 92 of these Article of Associations are involved, the affected class shareholders, whether or not they are entitled to vote at shareholders’ general meetings originally, shall have the right to vote at class meetings. However, interested shareholder(s) shall not be entitled to vote at such class meetings. Article 81 of the Mandatory Provisions

Interested shareholder(s) as mentioned in the preceding paragraph shall refer to:

- (I) if the Company has made a repurchase offer to all shareholders on the same pro rata basis or made a repurchase of its shares by means of public transaction at the Hong Kong Stock Exchange in accordance with Article 28 of these Articles of Association, “interested shareholder(s)” shall refer to the controlling shareholders as defined in Article 58 of these Articles of Association;
- (II) if the Company has made a repurchase of its shares by means of agreement outside the Hong Kong Stock Exchange in accordance with Article 28 of these Articles of Association, “interested shareholder(s)” shall refer to the shareholders who are parties to such agreements;
- (III) in the event of reorganization of the Company, an “interested shareholder” is a shareholder who assumes a relatively less proportion of obligation than that of any other shareholder of that class or who has an interest different from that of any other shareholder of that class.

**Article 94** Resolutions of a class meeting shall be approved by votes representing more than two thirds of voting rights of shareholders of that class present at the meeting who, in accordance with Article 93 of these Articles of Association, are entitled to vote at the meeting. Article 82 of the Mandatory Provisions

**Article 95** Where the Company convenes a class meeting, the time limit for issuing a written notice shall be the same as the written notice period for the non-class shareholders meeting to be convened on the same day of such class meeting. The written notice shall notify all the registered shareholders of the said class of the matters to be considered at the meeting, and the date and venue of the meeting. The duration of the aforesaid periods shall not include the day on which the meeting is convened.

Article 83 of the  
Mandatory Provisions  
Article 102 of the  
Company Law

If the listing rules of the place where the Company's shares are listed has special provisions, such provisions shall prevail.

**Article 96** If a class meeting is convened by serving of notice, such notice needs to be delivered only to the shareholders entitled to vote thereat.

Article 84 of the  
Mandatory Provisions

Class meetings shall follow a procedure most similar to that for shareholders' general meetings, and the provisions in these Articles of Association concerning the procedure for shareholders' general meetings shall apply to class meetings.

**Article 97** Apart from holders of other classes of shares, holders of domestic shares and overseas listed shares are deemed to be shareholders of different classes. Special voting procedures for class shareholders shall not apply in the following circumstances:

Article 85 of the  
Mandatory Provisions  
Rule 9, Appendix 3  
to the Main Board  
Listing Rules  
Rules 1(f)(i) and (ii),  
Appendix 13D to the  
Main Board Listing  
Rules

- (I) where the Company issues, either separately or concurrently, domestic shares and overseas listed shares in numbers not exceeding 20% of the number of domestic shares and overseas listed shares then in issue respectively in any twelve month period as approved by a special resolution of a shareholders' general meeting;
- (II) where the Company's plan for issuing domestic shares and overseas listed shares upon its establishment is implemented within fifteen months from the date of approval by the securities regulatory authorities under the State Council;
- (III) where with approval of the securities regulatory authorities under the State Council, the holders of domestic shares of the Company transfer their shares to overseas investors, or the holders of domestic shares of the Company are allowed to transfer their shares to overseas listed shares and list the said shares on overseas stock exchanges.

## Chapter 10 Board of Directors

### Section 1 Directors

**Article 98** Directors shall be elected or replaced at shareholders' general meetings and serve a term of 3 years. Directors are eligible for reelection upon the expiration of their terms. However, the successive terms of independent non-executive directors may not be more than 9 years.

A shareholders' general meeting may dismiss a director (including managing director or other executive directors) within his/her term of office by an ordinary resolution provided that the relevant laws and administrative regulations are observed (however, the claim of such director for damage compensation under any contract shall not be affected).

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

**Article 99** A director may resign before his/her term of office expires. In resigning his/her duties, a director shall tender a written resignation to the Board. The Board will disclose relevant information within two days.

If any director resigns so that the membership of the Board falls short of the quorum, the said director shall continue fulfilling the duties as director pursuant to relevant laws, administrative regulations, departmental rules and these Articles of Association until a new director is elected.

Save as provided in the preceding paragraph, a director's resignation shall be effective when his/her resignation is served to the Board.

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

Any person appointed as director by the Board to fill a temporary vacancy or add the quota of directors of the Board shall serve until the next annual general meeting of the Company, at which time the said person is eligible for reelection.

The Company is entitled to dismiss any director (including managing director or other executive director) within his/her term of office by an ordinary resolution at the shareholders' general meeting provided that no provision is made otherwise in laws (however, the claim of such director for damage compensation under any contract shall not be affected).

Article 45 of the Company Law  
Article 87 of the Mandatory Provisions Letter of Supplementary Opinions – No. 4  
Rule 4(3), Appendix 3 to the Main Board Listing Rules

Paragraph 2 of Article 45 and paragraph 3 of Article 108 of the Company Law  
Rules 4(2), 4(3), 4(4) and 4(5), Appendix 3 to the Main Board Listing Rules  
Rule A.4.2, Appendix 14 to the Main Board Listing Rules  
Rule 4(3), Appendix 3 to the Main Board Listing Rules

A notice of the intention to elect a person as director and a notice by that person indicating his/her acceptance of such election shall be given to the Company at least 7 days in advance.

The period of the aforesaid notice shall commence on the date on which the Company issues the notice of meeting for the election and shall end no later than 7 days (or earlier) prior to the date appointed for the meeting.

**Article 100** If resignation of a director takes effect or if his/her term of office expires, the said director shall go through all handover formalities with the Board. His/her honesty obligation to the Company and shareholders thereof shall not terminate automatically at the end of his/her term of office but shall still be valid within the reasonable period specified in these Articles of Association.

**Article 101** If any director fails to attend Board meetings in person or by proxy for two consecutive times, the said director shall be deemed incapable of performing his/her duties, and the Board shall suggest that the shareholders' general meeting dismiss the said director.

**Article 102** The Company shall have independent non-executive directors. Except as otherwise provided in this section, the provisions on the qualifications and obligations of directors in Chapter 14 of these Articles of Association shall apply to independent non-executive directors. At least one independent non-executive director of the Company shall be an 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.

Article 6 of the  
Opinions on  
Regulated Operation  
and In-depth Reform,  
Rule 19A.18(1) of the  
Main Board Listing  
Rules

**Article 103** If any director leaves his/her office without authorization or violates the laws, administrative regulations, departmental rules or these Articles of Association in fulfilling his/her duties before his/her term of office expires, thereby incurring any loss to the Company, the said director shall be liable for compensation.

**Article 104** Save as specified in these Articles of Association or duly authorized by the Board, no director shall act on behalf of the Company or the Board in his/her own name. If a director acts in his/her own name but a third party may reasonably think the said director is acting on behalf of the Company or the Board, the said director shall make a prior statement of his/her standpoint and capacity.

## Section 2 Board of Directors

**Article 105** The Company shall have a Board of Directors consisting of 6 to 9 directors. The number of independent non-executive directors, at any time, shall be at least 3 and represent more than one third of members of the Board, and at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise.

Independent non-executive directors may directly report to the shareholders' general meeting, securities regulatory authorities under the State Council and other relevant authorities.

A director may serve concurrently as general manager or other senior management member, but the directors serving concurrently as such shall not be more than half of the directors of the Company.

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 years, and is eligible for re-election.

The number of senior management members of the controlling shareholders serving concurrently as chairman or executive directors of the Company shall not exceed 2.

Directors need not hold shares of the Company.

Unless otherwise provided by relevant laws, regulations and the listing rules of the stock exchange where the Company's shares are listed, an independent non-executive director shall serve a term of 3 years and is eligible for re-election but shall not serve for more than 9 years.

**Article 106** The Board shall be accountable to the shareholders' general meeting and exercise the following functions and powers:

- (I) convening shareholders' general meetings, making proposals or motions to the shareholders' general meeting for adoption of relevant matters, and reporting its work to the shareholders' general meeting;
- (II) executing the resolutions of the shareholders' general meetings;
- (III) determining the business plans and investment plans of the Company;
- (IV) formulating the annual financial budgets and final accounts of the Company;
- (V) formulating the profit distribution plans and loss recovery plans of the Company;

Articles 86 and 87 of the Mandatory Provisions  
Articles 1 and 6 of the Opinions on Regulated Operation and In-depth Reform  
Articles 45 and 108 of the Company Law  
Rule A.4.3, Appendix 14 to the Main Board Listing Rules,  
Rules 3.10 and 3.10A of the Main Board Listing Rules

Article 88 of the Mandatory Provisions  
Article 46 of the Company Law  
Article 6 of the Opinions on Regulated Operation and In-depth Reform

- (VI) formulating proposals for the increase or decrease of the registered capital of the Company, the issue of shares and corporate bonds or other securities, and the listing;
- (VII) formulating proposals for acquisition and disposal of material assets, repurchase of the Company's shares or merger, division, dissolution and changes in the form of the Company;
- (VIII) deciding on the internal management setup of the Company;
- (IX) appointing or dismissing the Company's general manager and secretary to the Board; appointing or dismissing the Company's deputy general manager, chief financial officer and other senior management members as nominated by the general manager;
- (X) determining the remunerations of the aforesaid senior management members;
- (XI) formulating the Company's fundamental management system;
- (XII) formulating proposals for any amendment to these Articles of Association;
- (XIII) proposing to the shareholders' general meeting to appoint or replace an accounting firm;
- (XIV) listening to the work reports of the general manager and other senior management members of the Company and checking their work;
- (XV) deciding on external investment, external guarantee, etc. of the Company within the authority granted by the shareholders' general meeting;
- (XVI) deciding on investment, acquisition or sale of assets, financing, connected transactions, etc. as specified in the Listing Rules;
- (XVII) deciding on other important issues of the Company, other than those which shall be resolved at shareholders' general meetings pursuant to the Company Law and these Articles of Association;
- (XVIII) exercising other functions and powers conferred by the laws and regulations, the Listing Rules, these Articles of Association or shareholders' general meetings.

The Board may resolve on the issues specified in the preceding paragraph by approval of more than half of the directors save for the issues specified in (VI), (VII) and (XII), in which approval of more than two thirds of the directors is required.

The Board shall also be responsible for the following issues:

- (I) formulating the Company's corporate governance system and reviewing and improving its corporate governance;
- (II) reviewing and supervising the training for and continuous professional development of directors and senior management;
- (III) reviewing and supervising the systems formulated and observation thereof by the Company and making relevant disclosures as per the laws and relevant provisions of the securities regulatory authority of the place where the Company's shares are listed;
- (IV) working out the Company's code of conduct and relevant compliance manual for its employees and directors, and reviewing and supervising their behaviors.

The Board shall be responsible for the above corporate governance functions and may also assign its responsibilities to one or more special committees under it.

**Article 107** For the disposal of any fixed assets by the Board, if the aggregate of the expected value of the fixed assets proposed to be disposed of and the value of the fixed assets which had been disposed of within 4 months immediately preceding such proposal for disposal exceeds 33% of the fixed assets value shown in the most recent balance sheet reviewed at a shareholders' general meeting, the Board shall not dispose of or approve the disposal of such fixed assets without the approval by the shareholders' general meeting.

Article 89 of the Mandatory Provisions Article 4 of the Opinions on Regulated Operation and In-depth Reform

The disposal of fixed assets referred to in this Article includes the transfer of interests of certain assets, but excludes the provision of fixed assets as pledges to any guarantees.

Any breach of paragraph 1 of this Article shall not affect the validity of any transaction entered into by the Company in disposing of fixed assets.

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

Article 90 of the Mandatory Provisions

- (I) to preside over shareholders' general meetings and to convene and preside over Board meetings;
- (II) to supervise and examine the implementation of the resolutions of the Board;
- (III) to sign the share, corporate bonds and other negotiable securities issued by the Company;
- (IV) to exercise other functions and powers specified in laws and regulations or these Articles of Association and granted by the Board.

Where the chairman cannot fulfil the duty thereof, more than half of the directors shall jointly elect a director to fulfil the said duty.

The Board may, if necessary, authorize the chairman to exercise part of its functions and powers during its inter-session period.

**Article 109** Board meetings shall be held at least 4 times a year, and shall be convened by the chairman. Written notice shall be given to all directors and supervisors at least 14 days before the meeting is held.

Article 91 of the  
Mandatory Provisions  
Article 110 of the  
Company Law  
Sections A1.1 and  
A1.3, Appendix 14  
to the Main Board  
Listing Rules

In any of the following circumstances, the chairman shall convene an extraordinary Board meeting within 10 days after receipt of the proposal:

- (I) proposed by shareholders representing more than one tenth of the voting rights;
- (II) proposed by more than one third of the directors jointly;
- (III) proposed by the chairman;
- (IV) proposed by more than two independent non-executive directors;
- (V) proposed by the Supervisory Committee;
- (VI) proposed by the general manager.

**Article 110** A notice of 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, supervisors and the general manager 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.

Article 92 of the  
Mandatory Provisions

Where an extraordinary Board meeting needs to be convened 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 111** Notice of meeting shall be deemed to have been served to any director who attends the meeting without raising any objection before or during the meeting that he/she has not received the notice of meeting.

Regular or extraordinary Board meetings may be convened in the form of teleconference or with the help of other communications equipment provided that the attending directors are able to hear clearly the directors who speak at the meetings and communicate amongst themselves. All the attending directors shall be deemed as having attended the meeting in person.

**Article 112** A Board meeting shall be attended by more than half of the directors. In determining whether there is quorum for a meeting, directors with material interests in the relevant contracts, transactions or arrangements shall not be counted.

Article 93 of the  
Mandatory Provisions  
Article 124 of the  
Company Law

Every director shall have the right to one vote. Save as otherwise specified in laws, administrative regulations or these Articles of Association, resolutions made by the Board shall be passed by more than half of all directors.

A director who is associated with the enterprise involved in the matters discussed by the Board or has material interests in the relevant contracts, transactions or arrangements shall not exercise his own, or represent other directors to exercise voting right on such matters. Such Board meetings may not be held unless attended by more than half of all the non-associated Directors, and resolutions adopted at such meetings shall be passed by more than half of all the non-associated Directors. Where the number of the non-associated Directors attending the Board meetings is less than three, the matters shall be submitted to the shareholders' general meeting for deliberation.

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

**Article 113** Directors shall attend Board meetings in person. Where any director cannot attend the meetings for any reason, he/she may authorize in writing another director to attend the meetings on his/her behalf, with the power of attorney specifying the scope of authorization.

Article 94 of the  
Mandatory Provisions

The director attending the meetings on behalf of another director shall exercise rights within the scope of authorization. Where a director is not present at a Board meeting and fails to appoint a proxy to act on his/her behalf, the said director shall be deemed to have waived his/her rights to vote at the meeting.

**Article 114** In respect of any important issue to be decided by the Board, a notice and adequate information shall be sent to all the directors before the deadline specified in these Articles of Association, in strict accordance with the specified procedure. Directors may require providing supplementary information. If more than one fourth of the directors or more than two independent non-executive directors think they cannot make judgments on relevant issues because the documents are inadequate or for other reasons, they can jointly propose to adjourn the Board meeting or suspend considering some issues, and the Board shall approve such proposal.

Articles 3 and 6  
of the Opinions on  
Regulated Operation  
and In-depth Reform

**Article 115** The Board may adopt written proposal in lieu of Board meeting, but the draft of the said proposal shall be sent to every director by direct delivery, mail, fax or e-mail. If the proposal has been sent to all the directors by the Board, and the number of the directors who have signed the proposal sent to the secretary to the Board by the aforesaid means satisfies the statutory quorum, the said proposal shall be deemed to be a resolution of the Board and have the same legal effect as a resolution passed at a Board meeting held in accordance with the procedures specified in relevant provisions of these Articles of Association.

**Article 116** The Board shall file resolutions of the meeting as minutes, which shall be signed by the attending directors and the minutes recorder. The directors shall be responsible for the resolutions passed at Board meetings. Any director who votes for a resolution of the Board which runs counter to the laws, administrative regulations or these Articles of Association, thereby causing serious losses to the Company, shall be liable for compensation to the Company; however, a director who has been proved as having expressed dissenting opinions on the resolution and such opinions are recorded in the minutes of the meeting can be exempt from liability.

Article 95 of the  
Mandatory Provisions

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

**Article 117** Under the Board are three special committees, i.e. the Audit Committee, the Remuneration Committee and the Nomination Committee, whose composition and rules of procedures are resolved separately by the Board. The Board may establish other special committees as necessary. These special committees are ad hoc committees under the Board which provide advice or advisory opinions for the Board on material decisions. The special committees shall not make any decision in the name of the Board. However, the committees may exercise decision-making power in respect of the authorized matters in accordance with a special power given by the Board. The major duties of the three special committees are as follows:

Section C.3 .3,  
Appendix 14 to the  
Main Board Listing  
Rules  
Section B.1 .2,  
Appendix 14 to the  
Main Board Listing  
Rules  
Section A.5 .2,  
Appendix 14 to the  
Main Board Listing  
Rules

- (I) the major duties of the Audit Committee include: to guide, examine and supervise the construction of the Company's systems and mechanisms in respect of financial control, risk management and internal control; to make recommendations to the Board on the appointment, reappointment or change of such intermediaries as accounting firms, and their remuneration and terms of appointment; to review and supervise whether the external auditors are independent and objective and whether audit procedures are effective; to formulate and implement policies on non-audit services provided by the external auditors; to supervise and review the integrity of the Company's financial reports, annual reports, accounts, interim reports and quarterly reports (if any), and to review major opinions on relevant financial reporting set out in the statements and reports; to consider the Company's financial and accounting policies and relevant changes, and to provide relevant opinions to the Board; to make recommendations to the Board on the appointment and dismissal of the person in charge of the Company's internal audit institutions; to supervise the formulation and implementation of the Company's internal audit system; to evaluate and supervise the integrity and effectiveness of the Company's audit system; to keep good communication with the Supervisory Committee and the Company's internal and external audit institutions, and to ensure it has sufficient resources to carry out its internal audit function in the Company at a proper position and supervise its effectiveness.
- (II) the major duties of the Remuneration Committee include: to propose recommendations to the Board with respect to the overall remuneration policies and structures for the directors and senior management of the Company and the establishment of formal and transparent procedures for formulation of remuneration policies; to give advice to the Board on certain remuneration packages of all executive directors and senior management, including non-monetary benefits, pension rights and compensation amounts (including the compensation for the loss or termination of office or appointment), and the remuneration of non-executive directors; to review and approve the recommendations on remuneration of management with reference to the corporate goals as approved by the Board from time to time; to review and approve the compensation that should be paid to executive directors and senior management for any loss or termination of their office or appointment, so as to ensure the said compensation conforms to the terms of relevant contract; in case of any inconformity, the said compensation shall be fair and reasonable and will not result in excessive burden to listed companies; to review and approve the compensation arrangement in connection with dismissal or removal of relevant directors for their misconduct, so as to ensure such arrangement conforms to relevant contract terms; in case of any inconformity, relevant compensation shall be reasonable and appropriate; to ensure that any director or any of his/ her associates does not participate in the determination of his/her own remuneration.

- (III) the major duties of the Nomination Committee include: to regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board at least every year, and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; to extensively search for qualified candidate directors, to make initial examination of candidate directors and general managers, and to offer suggestions to the Board on relevant selection; to review the independency of independent non-executive directors; to study and make recommendations on the standards and procedures for the selection of candidate directors and general managers; and to give advice to the Board on the appointment or reappointment of directors or the general manager and the succession planning for directors (including the chairman) and the general manager.

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

**Article 118** The Company shall have a secretary to the Board, who shall be a senior management member of the Company. Article 96 of the Mandatory Provisions

**Article 119** The secretary to the Board of the Company shall be a natural person with requisite expertise and experience, and shall be nominated by the chairman of the Board and appointed or removed by the Board. His/her major duties are: Article 97 of the Mandatory Provisions Article 123 of the Company Law

- (I) to ensure that the Company has complete organization documents and records, keep and manage shareholders' information and help directors with daily works of the Board;
- (II) to organize and arrange for Board meetings and shareholders' general meetings, prepare meeting materials, handle relevant meeting affairs, keep minutes of the meetings and ensure their accuracy, keep meeting documents and minutes, take initiative to keep abreast of the implementation of relevant resolutions, and report important issues occurring during the implementation to the Board and give relevant advice to the Board;
- (III) as the liaison of the Company with the securities regulatory authorities, to be responsible for organizing, preparing and timely submitting the reports and documents required by the regulatory authorities as well as accepting and organizing the implementation of relevant assignment from the regulatory authorities;
- (IV) to be responsible for coordinating and organizing the Company's information disclosure, establishing and improving the information disclosure system, attending all of the Company's meetings involving information disclosure, and keeping informed of the Company's material operation decisions and related information in a timely manner;

- (V) to ensure that the register of shareholders 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;
- (VI) to exercise other functions and powers as conferred by the Board, as well as other functions and powers as required by laws and regulations and the stock exchange of the place where the Company's shares are listed.

**Article 120** A director or senior management member of the Company may serve concurrently as secretary to the Board of the Company. The accountants of the accounting firm appointed by the Company and managers of controlling shareholders shall not serve concurrently as secretary to the Board of the Company.

Article 98 of the  
Mandatory Provisions  
Article 1 of the  
Opinions on  
Regulated Operation  
and In-depth Reform

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

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

**Article 121** The Company shall have one general manager who shall be appointed or dismissed by the Board, and 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 the general manager, deputy general manager or other senior management members.

Article 99 of the  
Mandatory Provisions

**Article 122** The general manager shall serve a term of three years, and may be reelected for successive terms.

**Article 123** The general manager shall be accountable to the Board and exercise the following functions and powers:

Article 100 of the  
Mandatory Provisions

- (I) to manage the production, operation and management of the Company and report to the Board;
- (II) to organize the implementation of the resolutions of the Board and the annual business plans and investment plans of the Company;
- (III) to formulate the Company's annual financial budgets and final accounts, and make recommendations to the Board on the same;
- (IV) to formulate the fundamental management system and internal management setup of the Company;

- (V) to formulate the specific rules of the Company;
- (VI) to propose the appointment or dismissal of deputy general managers, chief financial officers and other senior management members according to these Articles of Association and the Company's relevant internal control system;
- (VII) to decide to appoint or dismiss managers and general employees other than those appointed or dismissed by the Board according to these Articles of Association and the Company's relevant internal control system;
- (VIII) to propose to convene an extraordinary Board meeting;
- (IX) to decide on the Company's other issues within the scope authorized by the Board;
- (X) to decide on such projects as investment, acquisition or disposal and financing which do not need to be decided by the Board or the shareholders' general meeting;
- (XI) to exercise other functions and powers as conferred by these Articles of Association and the Board.

Senior management members other than the general manager shall assist the general manager in his/her works, and may exercise part of the functions and powers entrusted by the general manager.

**Article 124** The general manager shall be present at Board meetings, and if he/she is not a director, shall not have any voting right at Board meetings. Article 101 of the Mandatory Provisions

**Article 125** In the exercise of his/her functions and powers, the general manager shall fulfil the obligation of honesty and diligence in accordance with laws, administrative regulations and these Articles of Association. Article 102 of the Mandatory Provisions

**Article 126** The Company shall have one financial manager, who shall be appointed or dismissed by the Board. The financial manager shall be accountable to the Board and the general manager.

## Chapter 13 Supervisory Committee

**Article 127** The Company shall have a Supervisory Committee, which shall exercise its supervisory function in accordance with the provisions of the laws, administrative regulations and these Articles of Association.

Article 103 of the  
Mandatory Provisions

**Article 128** The Supervisory Committee shall comprise three supervisors, including one chairman. A supervisor shall serve a term of three years, and may be reelected for successive terms.

Article 104 of the  
Mandatory Provisions  
Letter of  
Supplementary  
Opinions – No. 5  
Rules 1(d)(i) and (ii),  
Appendix 13D to the  
Main Board Listing  
Rules

The chairman shall be appointed or removed by the votes of more than two thirds of the members of the Supervisory Committee. Resolutions of the meeting of the Supervisory Committee shall be approved by more than two thirds of the members of the Supervisory Committee.

**Article 129** The membership of the Supervisory Committee shall include two shareholder representatives and one employee representative. Specifically, the employee representative supervisor in the Supervisory Committee shall be elected democratically at the Company's employee representatives' meetings, employees' meetings or in other forms.

Article 105 of the  
Mandatory Provisions  
Article 7 of the  
Opinions on  
Regulated Operation  
and In-depth Reform  
Paragraph 2, Article  
117 of the Company  
Law

**Article 130** Directors, the general manager and other senior management members shall not serve as supervisors concurrently.

Article 106 of the  
Mandatory Provisions  
Paragraph 4, Article  
117 of the Company  
Law

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

Article 108 of the  
Mandatory Provisions  
Article 7 of the  
Opinions on  
Regulated Operation  
and In-depth Reform  
Article 53 of the  
Company Law

(I) to supervise any acts of directors, the general manager and other senior management members in their performance of duties that violate the laws, administrative regulations and these Articles of Association, and to propose dismissal of any directors and senior management members who violate the laws, administrative regulations, these Articles of Association or the resolutions of shareholders' general meetings;

(II) to require directors, the general manager and senior management members to make corrections if their conduct has damaged the interests of the Company;

(III) to review the financial operations of the Company;

- (IV) to examine financial information such as financial reports, business reports and profit distribution plans as proposed by the Board to the shareholders' general meeting, and if there are any queries, to engage certified public accountants or practicing auditors in the name of the Company to assist its review;
- (V) to propose the convening of extraordinary general meetings and, in case that the Board does not perform the obligations to convene and preside over the shareholders' general meetings in accordance with the Company Law, to convene and preside over the shareholders' general meetings;
- (VI) to submit proposals to the shareholders' general meeting;
- (VII) to negotiate with directors and lodge legal actions against the same on behalf of the Company;
- (VIII) to propose to convene an extraordinary Board meeting;
- (IX) to initiate legal proceedings against the directors and senior management members in accordance with Article 151 of the Company Law;
- (X) to exercise other functions and powers stipulated by laws, administrative regulations and these Articles of Association.

Supervisors shall be present at the Board meetings.

**Article 132** Regular 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. If the chairman of the Supervisory Committee is unable or fails to perform his/her duties, more than half of the supervisors may elect a supervisor to convene and preside over the meetings of the Supervisory Committee.

Article 107 of the Mandatory Provisions Paragraph 3, Article 117 of the Company Law

Supervisors may propose to convene an extraordinary meeting of the Supervisory Committee.

Where the Supervisory Committee convenes a regular or an extraordinary meeting, staff of the Supervisory Committee shall send a written notice of the meeting to all supervisors by hand, fax, email or other means within a reasonable period in advance. Where the notice is not served directly, telephone acknowledgement and relevant records shall be made.

Where an extraordinary meeting of the Supervisory Committee needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means, but the convener shall make explanations at the meeting.

**Article 133** Matters shall be considered by the Supervisory Committee in the following manners: any voting at the meetings of the Supervisory Committee shall be made on a one-person-one-vote basis by open ballot or in writing.

Article 109 of the  
Mandatory Provisions  
Letter of  
Supplementary  
Opinions – No. 6

The voting procedure is that the voting intent of a supervisor may be pro, con or abstention. Every attending supervisor shall choose one out of the aforesaid intents. Where any supervisor does not make any option or makes two or more options, the chairman of the meeting shall require the said supervisor to make an option again, otherwise the said supervisor shall be deemed as having abstained from voting; any supervisor who has left the meeting midway without coming back and has not made any option shall be deemed as having abstained from voting.

The Supervisory Committee shall file resolutions on matters discussed at the meeting as minutes, which shall be signed by the attending supervisors. Any supervisor shall have the right to have an explanatory note made in the minutes regarding his/her speech at the meeting. The minutes of the meeting of the Supervisory Committee shall be kept in the domicile of the Company.

In the case of voting by means of communications, supervisors shall sign and return by fax the voting instruments containing the written opinions and voting intentions in respect of the matters discussed to the Supervisory Committee. The supervisors shall not merely provide voting opinions without expressing their written opinions or reasons for voting. Supervisors who cast votes by means of communications shall submit the signed original copy of the voting paper to the Supervisory Committee within the period stipulated in the notice of the meeting.

**Article 134** Supervisors may conduct investigation if they find any unusual operation of the Company; and if necessary, may engage lawyers, accounting firms and other professionals to assist in their work, with reasonable expenses so incurred borne by the Company.

Article 110 of the  
Mandatory Provisions

**Article 135** Supervisors shall honestly fulfil the supervisory duty in accordance with relevant laws, administrative regulations and these Articles of Association.

Article 111 of the  
Mandatory Provisions

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

- Article 136** A person shall not serve as director, supervisor, general manager or other senior management member of the Company if:
- Article 112 of the  
Mandatory Provisions  
Article 146 of the  
Company Law
- (I) he/she has no capacity or has limited capacity for civil conduct;
  - (II) he/she has been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property or disrupting the economic order of the socialist market and 5 years have not elapsed since the completion date of the execution of the penalty; or he/she has ever been deprived of his/her political rights due to any crime and 5 years have not elapsed since the completion date of the execution of the penalty;
  - (III) he/she was ever the director, factory manager or manager of a company or enterprise which had been bankrupted and liquidated, and was personally liable for the bankruptcy of the company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
  - (IV) he/she was ever the legal representative of a company or enterprise which had its business license revoked and was ordered to close down due to illegal activities and was personally liable for such illegal activities, where less than three years have elapsed since the date when the business license of the company or enterprise was revoked;
  - (V) he/she has a relatively large amount of outstanding mature debt;
  - (VI) he/she is under criminal investigation by the judicial authorities, and such cases have not been closed;
  - (VII) he/she is disqualified as corporate leader in laws and administrative regulations;
  - (VIII) he/she is not a natural person;
  - (IX) he/she was ruled by the relevant regulatory authority that he/she has violated the relevant securities regulations and committed any fraudulent or dishonest act, where less than five years have lapsed since the date of ruling;
  - (X) the circumstances stipulated by relevant laws and regulations of the place where the Company's shares are listed.

**Article 137** The validity of an act of a director, the general manager or other senior management on behalf of the Company for a bona fide third person is not affected by any incompliance in the appointment, election or qualification thereof. Article 113 of the Mandatory Provisions

**Article 138** In exercising the functions and powers conferred by the Company, directors, supervisors, the general manager and other senior management members of the Company shall fulfil the following obligations to each shareholder in addition to the obligations under the relevant laws, administrative regulations or the listing rules of the stock exchange on which the shares of the Company are listed: Article 114 of the Mandatory Provisions

- (I) not to let the Company operate beyond the business scope specified in its business license;
- (II) to sincerely act in the best interest of the Company;
- (III) not to deprive the Company of its property in any form, including (but not limited to) any opportunities that are favorable to the Company;
- (IV) not to deprive any shareholder of personal interests, including (but not limited to) any right to distribution and voting right, but excluding a restructuring plan of the Company submitted to and adopted by the shareholders' general meeting in accordance with these Articles of Association.

**Article 139** In exercising rights or fulfilling obligations, the directors, supervisors, the general manager and other senior management members of the Company have the duty to act with due discretion, diligence and skill as a reasonable discreet person should do in similar circumstances. Article 115 of the Mandatory Provisions

**Article 140** In fulfilling duties, the directors, supervisors, the general manager and other senior management members of the Company shall observe the principle of honesty and shall not set themselves in a position where their own interests may conflict with their obligations. The said principle includes (but is not limited to) performance of the following obligations: Article 116 of the Mandatory Provisions

- (I) to act honestly in the best interest of the Company;
- (II) to exercise their functions and powers within their terms of reference;
- (III) to exercise personally the discretion vested in them and not to allow themselves to be controlled by others and, save as permitted by laws or administrative regulations or with the informed consent of shareholders given at a shareholders' general meeting, not to transfer the exercise of their discretion to others;
- (IV) to be equitable towards holders of the same class of shares and fair towards holders of different classes of shares;

- (V) not to conclude any contract, conduct any transaction or make any arrangement with the Company, save as specified in these Articles of Association or with the informed consent of shareholders given at a shareholders' general meeting;
- (VI) not to seek personal gains by using the property of the Company in any form without the informed consent of shareholders given at a shareholders' general meeting;
- (VII) not to abuse official powers to accept bribes or other unlawful income, and not to appropriate the Company's property in any form, including (but not limited to) any opportunities that are favorable to the Company;
- (VIII) not to accept commissions in connection with the Company's transactions without the informed consent of shareholders given at a shareholders' general meeting;
- (IX) to observe these Articles of Association, fulfil duties honestly, protect the interests of the Company, and not to seek personal gains by using their positions and powers in the Company;
- (X) not to compete with the Company in any form without the informed consent of shareholders given at a shareholders' general meeting;
- (XI) not to embezzle the Company's funds, not to deposit the Company's assets or funds in accounts opened in his/her own or in another person's name, and not to lend monies of the Company to other persons or provide guarantee for shareholders of the Company or other persons with the property of the Company counter to these Articles of Association or without the consent of the shareholders' general meeting or the Board;
- (XII) without the informed consent of the shareholders given at a shareholders' general meeting, not to disclose any confidential information related to the Company acquired by them during their terms of office; not to use the said information save for the interests of the Company; however, they may disclose such information to a court or other governmental regulatory authorities in the following circumstances:
  - 1. required by law;
  - 2. required in the interests of the public;
  - 3. required for the interests of the said directors, supervisors, the general manager and other senior management members.

The personnel mentioned in this Article shall return the income obtained from violation of the provisions herein to the Company and shall bear the liability of compensation if the Company suffers damage.

**Article 141** Directors, supervisors, the general manager and other senior management of the Company shall not tell the following persons or institutions (hereinafter referred to as the “**Related Persons**”) to do anything that the directors, supervisors, the general manager and other senior management members shall not do: Article 117 of the Mandatory Provisions

- (I) spouses or minor offspring of directors, supervisors, the general manager and other senior management members of the Company;
- (II) trustees of directors, supervisors, the general manager and other senior management members of the Company or persons set out in item (I) herein;
- (III) partners of directors, supervisors, the general manager and other senior management members of the Company or persons set out in items (I) and (II) herein;
- (IV) companies effectively independently controlled by directors, supervisors, the general manager and other senior management members of the Company or companies effectively jointly controlled with the persons set out in items (I), (II) and (III) herein or other directions, supervisors, the general manager and other senior management members of the Company; and
- (V) directors, supervisors, the general manager and other senior management members of the companies being controlled as set out in item (IV) herein.

**Article 142** The honesty obligation of the directors, supervisors, the general manager and other senior management members of the Company shall not necessarily end with the expiry of their terms of office, and their confidentiality obligation to trade secrets of the Company shall continue after expiry of their terms of office. The term for continuance of other obligations shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the occurrence of the matter and the termination as well as the circumstances and conditions under which the relationship with our Company terminates. Article 118 of the Mandatory Provisions

**Article 143** The liability of directors, supervisors, the general manager and other senior management members of the Company for breaching a given obligation may be exempted through an informed resolution given by shareholders at a shareholders’ general meeting, save for the circumstances specified in Article 57 of these Articles of Association. Article 119 of the Mandatory Provisions

**Article 144** If directors, supervisors, the general manager and other senior management members of the Company have any direct or indirect interests in any contract, transaction or arrangement already concluded or under planning with the Company, they shall responsively disclose the nature and extent of the said interests to the Board regardless whether the relevant matters are subject to approval by the Board in normal circumstances. Article 120 of the Mandatory Provisions Rule 4(1), Appendix 3 to the Main Board Listing Rules

Unless under the exceptional circumstances specifically provided in the Articles of Association approved by the Hong Kong Stock Exchange, a director shall not vote on any resolution of the Board which approves the contract, transaction or arrangement or any other relevant suggestions where he/she or his/her close associates (as defined in the applicable Listing Rules which come into effect from time to time) own a material interest; and shall not be included into the quorum of the meeting . Unless the directors, supervisors, the general manager and other senior management members of the Company having material interests have disclosed the said interests to the Board as per paragraph 1 herein, and the matter has been approved by the Board at a meeting in which they were not counted in the quorum and were abstained from voting, our Company shall have the right to cancel such contract, transaction or arrangement, save for the circumstance in which the other parties are bona fide parties uninformed of the default of the said directors, supervisors, the general manager and other senior management members .

If the Related Persons of the directors, supervisors, the general manager and other senior management members of the Company have any interests in a given contract, transaction or arrangement, the said directors, supervisors, the general manager and other senior management members shall be deemed as having interests.

**Article 145** If, before the conclusion of the contract, transaction or arrangement is first considered by our Company, the directors, supervisors, the general manager and other senior management members of the Company have notified the Board in writing that they will have interests in the contracts, transactions or arrangements concluded in the future because of the reasons set out in the notice, they, within the scope specified in the notice, will be deemed as having executed disclosure as specified in the preceding article of this Chapter. Article 121 of the Mandatory Provisions

**Article 146** The Company shall not pay taxes in any form for its directors, supervisors, the general manager and other senior management members. Article 122 of the Mandatory Provisions

**Article 147** The Company shall not directly or indirectly provide loan or loan guarantee to the directors, supervisors, the general manager and other senior management members of the Company or its controlling shareholders, or to the Related Persons of the aforesaid persons. Article 123 of the Mandatory Provisions

However, the preceding paragraph shall not apply if:

- (I) the Company provides loan or loan guarantee for its subsidiaries;
- (II) the Company, in accordance with the engagement contracts approved at the shareholders' general meeting, provides loan, loan guarantee or other monies to the directors, supervisors, the general manager and other senior management members of the Company so that they may pay the expenses incurred for the Company or for fulfilling duties of the Company; and
- (III) if the normal business scope of the Company is expanded to cover provision of loan and loan guarantee, the Company may provide loan and loan guarantee to the relevant directors, supervisors, the general manager and other senior management members and their Related Persons, but the conditions for providing loan or loan guarantee shall be normal business conditions.

**Article 148** If the Company provides loan in violation of the preceding article, the recipient of the loan shall return the same immediately regardless of the loan conditions. Article 124 of the Mandatory Provisions

**Article 149** The Company shall not be forced to execute loan guarantee provided in violation of paragraph 1 of Article 147 except in the following circumstances: Article 125 of the Mandatory Provisions

- (I) the loan provider does not know that it has provided loans to the Related Persons of the directors, supervisors, the general manager and other senior management members of the Company or its controlling shareholders;
- (II) the guarantee provided by the Company has been sold by the loan provider lawfully to a bona fide purchaser.

**Article 150** The guarantee as referred to in the preceding provisions of this Chapter includes the act of the guarantor to undertake the responsibility or provide property to ensure that the obligor fulfils the obligations. Article 126 of the Mandatory Provisions

**Article 151** If the directors, supervisors, the general manager or other senior management members fail to fulfil the obligations to the Company, the Company has the right to take the following actions in addition to the rights and remedial measures under the relevant laws and administrative regulations:

- (I) require the relevant directors, supervisors, the general manager and other senior management members to compensate the Company for the losses arising from their neglect of duty;
- (II) cancel the contracts or transactions concluded between the Company and the relevant directors, supervisors, the general manager or other senior management members, or between the Company and a third person (if the third person knows or is supposed to know that the directors, supervisors, the general manager or other senior management members representing the Company have breached their obligations to the Company);
- (III) require the relevant directors, supervisors, the general manager or other senior management members to surrender gains arising from breach of obligations;
- (IV) recover monies, including (but not limited to) commissions, received by the relevant directors, supervisors, the general manager or other senior management members but receivable by the Company;
- (V) require the relevant directors, supervisors, the general manager or other senior management members to surrender interests earned or likely to be earned from monies payable to the Company; and
- (VI) institute legal proceedings to rule that the properties obtained by the relevant directors, supervisors, the general manager or other senior management members for breach of obligations shall belong to the Company.

**Article 152** The Company shall conclude written contracts with its directors, supervisors and senior management in relation to their remunerations, subject to prior approval at a shareholders' general meeting. The written contracts shall at least cover the following matters:

- (I) the directors, supervisors and senior management members shall undertake to the Company to observe Company Law, Special Regulations, these Articles of Association, Code on Takeovers and Mergers, Code on Share Repurchase and other regulations stipulated the by Hong Kong Stock Exchange, and agree that the Company is entitled to remedial measures under these Articles of Association and that the said contracts and the positions as directors, supervisors and senior management members shall not be transferred;
- (II) the directors, supervisors and senior management shall undertake to the Company representing respective shareholders to fulfil their due duties for the shareholders as specified in these Articles of Association;
- (III) arbitration clauses specified in Article 195 of these Articles of Association.

Article 128 of the  
Mandatory Provisions  
Article 116 of the  
Company Law  
Rules 19A.54(1)(2)  
and 19A.55(1)(2)  
of the Main Board  
Listing Rules

The aforesaid remunerations shall include:

- (I) remunerations as directors, supervisors or senior management of the Company;
- (II) remunerations as directors, supervisors or senior management of subsidiaries of the Company;
- (III) remunerations for providing other services for the management of the Company and subsidiaries thereof; and
- (IV) compensations for the said directors or supervisors for losing their positions or for retirement.

Save as specified in the aforesaid contracts, the directors or supervisors shall not pursue legal action against the Company for any interests due to them in respect of the matters mentioned above.

The Company shall regularly disclose the remuneration received by a director, supervisor or senior management member from the Company to the shareholders.

**Article 153** The Company shall specify in the contracts concluded with the directors or supervisors in relation to remunerations that if the Company is acquired, the directors or supervisors have the right to seek compensations or other monies for losing their positions or for retirement under the conditions approved at the shareholders' general meeting in advance. The acquisition in the preceding paragraph refers to any of the following circumstances:

Article 129 of the  
Mandatory Provisions

- (I) tender offer of any person to all the shareholders;
- (II) tender offer of any person to become a controlling shareholder (whose definition is the same as that in these Articles of Association) of the Company.

If the directors and supervisors concerned do not comply with the provisions of this Article, any funds received by them shall go to the persons who have accepted the offer mentioned above and sell their shares. The directors and supervisors shall bear the expenses arising from the distribution of such amounts proportionally, and such expenses shall not be deducted from the amounts.

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

**Article 154** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions stipulated by the relevant PRC authorities.

Article 130 of the  
Mandatory Provisions

**Article 155** The Company shall adopt the Gregorian calendar year for its fiscal year, i.e. the fiscal year shall be from 1 January to 31 December.

Articles 131 and 134  
of the Mandatory  
Provisions

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

Paragraph 1 of  
Article 164 of the  
Company Law

The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with the accounting standards of the place overseas where the Company's shares are listed. If there are any material differences between the financial statements prepared in accordance with the two accounting standards, such differences shall be stated in the notes to the financial statements.

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

**Article 156** The Board of Directors of the Company shall place before the shareholders at annual general meeting the financial reports prepared by the Company as required by the relevant laws, administrative regulations and regulatory documents promulgated by local government or regulatory authorities.

Article 132 of the  
Mandatory Provisions

**Article 157** The Company shall not set up other account books except for the statutory account books. No assets of the Company may be deposited into any individual's account.

Article 137 of the  
Mandatory Provisions

**Article 158** The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of the annual general meeting. Every shareholder of the Company shall have the right to receive a copy of such financial reports mentioned in this Chapter.

Article 133 of the  
Mandatory Provisions  
Letter of  
Supplementary  
Opinions – No. 7  
Rules 5 and 19A.48,  
Appendix 3 to the  
Main Board Listing  
Rules

The financial report mentioned in the preceding paragraph shall include the directors' report and the balance sheet (including all other documents to be attached in accordance with the requirements of the PRC laws, other laws, and administrative regulations), the profit and loss statement (the income statement) or the statement of income and expense (the statement of cash flow) or (under the condition of no violation of the PRC laws) summary financial reports approved by the Hong Kong Stock Exchange .

The Company shall deliver such financial report (including every document required by laws and regulations to be annexed to the balance sheet) to every holder of its overseas listed shares in person or by pre-paid mail at the addresses of such shareholders as recorded in the share register no less than 21 days before the date of the annual general meeting. The Company can proceed by way of announcements, including announcement via the Company's website, on condition that such announcements are in compliance with the laws, administrative regulations, departmental rules and the relevant requirements of the securities regulatory authority of the place where the Company's shares are listed.

**Article 159** The Company shall announce two financial reports each fiscal year, i.e. interim financial report announced within 60 days after the end of the first six months of the fiscal year and the annual financial report announced within 120 days after the end of the fiscal year.

Articles 135 and 136  
of the Mandatory  
Provisions  
Rule 13.49(3) of the  
Main Board Listing  
Rules

The interim results or financial data announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the accounting standards of the place overseas where the Company's shares are listed.

## Chapter 16 Profit Distribution

**Article 160** When distributing the after-tax profits of the current year, the Company shall allocate 10% of its profits into its statutory reserve fund. When the cumulated amount of the statutory reserve fund of the Company has reached 50% or more of its registered capital, no further allocation is required. Article 166 of the Company Law

Where the statutory reserve fund of the Company is insufficient to make up for the losses of the Company incurred during the previous years, before making allocation to the statutory reserve fund in accordance with the preceding paragraph, the profits generated during the current year shall be used to make up for such losses.

After making allocation to the statutory reserve fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at a shareholders' general meeting, also allocate funds from the after-tax profits to the discretionary reserve fund.

After making up for the losses and making contributions to the reserve fund, any remaining after-tax profits available for distribution to shareholders shall be distributed by the Company to the shareholders in proportion to their respective shareholdings according to the resolutions adopted at the shareholders' general meeting.

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

No profits shall be distributed in respect of the Company's shares held by the Company.

**Article 161** The capital reserve fund shall include the following items:

Article 138 of the Mandatory Provisions

- (I) premium arising from issue above the par value of the stock;
- (II) other revenues required by the financial authority under the State Council to be included in the capital reserve fund.

**Article 162** The reserve fund of the Company can be applied for making up for losses of the Company, expansion of the Company's production and operation or capitalization for capital increase of the Company, but the capital reserve fund cannot be applied for making up for losses of the Company. Article 168 of the Company Law

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

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

- (I) cash;
- (II) shares.

Article 139 of the  
Mandatory Provisions

**Article 164** Any amount paid up in advance of calls on any share may carry interest but shall not entitle the relevant shareholder to participate in respect thereof in a dividend subsequently declared.

Rule 3(1), Appendix  
3 to the Main Board  
Listing Rules

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

Rule 19A.51 of the  
Main Board Listing  
Rules

Article 140 of the  
Mandatory Provisions  
Letter of

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

Supplementary  
Opinions – No. 8

Rule 1(c), Appendix  
13D to the Main  
Board Listing Rules

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

Rule 3(2), Appendix  
3 to the Main Board  
Listing Rules

Subject to the relevant laws and regulations of the PRC, the Company may exercise its right to confiscate the dividends which are not claimed by anyone but such right can only be exercised after the expiration of relevant period.

Rule 19A.47 of the  
Main Board Listing  
Rules

Rules 2(2), 13(1) and  
(2), Appendix 3 to the  
Main Board Listing

The Company has the power to cease sending dividend warrants by post to a holder of overseas listed shares, provided that such power shall not be exercised until such dividend warrants have been so left uncashed on two consecutive occasions. However, the Company may exercise such right when the dividend warrants have failed to be delivered initially and after the dividend warrants have been returned.

Rules

In relation to the exercise of right to issue warrants to unregistered bearer, no warrant thereof shall be issued to replace the one that has been lost unless the Company is satisfied beyond reasonable doubt that the original warrant thereof has been destroyed. The Company has the right to sell the shares of holders of overseas listed shares with whom it loses contact, in a manner as its Board of Directors deems appropriate, subject to the following conditions:

- (I) Dividends of such shares have been declared for at least three times within a 12-year period and the dividends have not been claimed by anyone during such period; and
- (II) Upon expiry of the 12-year period, the Company publishes an announcement on one or more newspapers in the place where the Company is listed, stating its intention to sell the shares, and notifies the Hong Kong Stock Exchange of such intention.

**Article 166** Cash dividends and other monies paid by the Company to holders of domestic shares shall be paid in Renminbi. Cash dividends and other monies paid by the Company to holders of overseas listed shares shall be stated and announced in Renminbi and paid in Hong Kong dollars. The foreign currency required for the payment of cash dividends and other monies by the Company to the holders of overseas listed shares shall be arranged in accordance with the provisions of the PRC in relation to foreign exchange administration.

**Article 167** Unless otherwise provided in the relevant laws or administrative regulations, if the cash dividends and other monies are to be paid in Hong Kong dollars, the Company shall adopt the average offer price of the relevant foreign exchange quoted by the People's Bank of China prevailing a calendar week before the date on which the dividends and other monies are declared.

### **Chapter 17 Appointment of Accounting Firms**

**Article 168** The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the PRC to audit the Company's annual financial reports and review the Company's other financial reports. Article 141 of the Mandatory Provisions

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

Where the power as provided above is not exercised by the inaugural meeting, it shall be exercised by the Board of Directors.

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

- Article 170** The accounting firm appointed by the Company shall have the following rights: Article 143 of the Mandatory Provisions Article 170 of the Company Law
- (I) the right to access at any time the account books, records or vouchers of the Company, and to ask the directors, general manager or other senior management members of the Company to provide relevant information and explanations;
  - (II) the right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as necessary for the fulfillment of its duties;
  - (III) the right to attend shareholders' general meetings and to receive all notices of, or other information relating to, the meetings which any shareholder is entitled to receive, and to speak at any shareholders' general meeting in relation to matters concerning its role as the accounting firm of the Company.

The Company shall provide the accounting firm with true and complete accounting vouchers, account books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

**Article 171** If there is a vacancy in the position of accounting firm of the Company, the Board of Directors may appoint an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period in which a vacancy arises. Article 144 of the Mandatory Provisions

**Article 172** The shareholders' general meeting may by ordinary resolution remove the accounting firm of the Company before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the accounting firm. In the event of any rights claimed by the accounting firm against the Company for the removal, the said rights shall not be affected. Article 145 of the Mandatory Provisions

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

**Article 174** Appointment, dismissal or non-appointment of the accounting firm shall be subject to decision at the shareholders' general meeting and shall be filed with the securities regulatory authorities under the State Council.

Article 147 of the  
Mandatory Provisions  
Letter of  
Supplementary  
Opinions – No. 9  
Rule 1(e)(i),  
Appendix 13D to the  
Main Board Listing  
Rules

Where a resolution at a shareholders' general meeting is passed to appoint an accounting firm other than the incumbent accounting firm to fill a casual vacancy in the office of accounting firm, or to reappoint an accounting firm that was appointed by the Board of Directors to fill a casual vacancy, or to remove an accounting firm before the expiration of its term of office, the following provisions shall apply:

(I) The appointment or removal proposal shall be sent (before notice of the shareholders' general meeting is given) to the accounting firm proposed to be appointed or proposed to leave its post or the accounting firm which has left its post in the relevant fiscal year.

Leaving includes leaving by removal, resignation and retirement.

(II) If the accounting firm which is leaving its post makes statements in writing and requests the Company to give the shareholders notice of such statements, the Company shall (unless the statements have been received after the prescribed time) take the following measures:

- 1 . in any notice of meeting held for making the resolution, state the fact of the statements having been made by the leaving accounting firm; and
- 2 . attach a copy of the statements to the notice and send it to each shareholder who is entitled to receive the notice of the shareholders' general meeting in the manner stipulated in these Articles of Association.

(III) If the Company fails to send out the accounting firm's statements in the manner set out in (II) of this Article, such accounting firm may require that the statements be read out at the shareholders' general meeting and may make further complaints.

(IV) The accounting firm which is leaving its post shall be entitled to attend the following meetings:

- 1 . the shareholders' general meeting at which its term of office expires;
- 2 . the shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
- 3 . the shareholders' general meeting which is convened as a result of its resignation.

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

**Article 175** If the Company proposes to remove the accounting firm or not to renew the appointment thereof, it should notify the accounting firm in advance, and the latter has the right to state its opinions to the shareholders' general meeting. Where the accounting firm resigns its post, it shall make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company.

Article 148 of the Mandatory Provisions Letter of Supplementary Opinions – No. 10 Rules 1(e)(ii), (iii) and (iv), Appendix 13D to the Main Board Listing Rules

The accounting firm may resign its office by depositing at the Company's legal address a written notice of resignation, 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 statements:

1. a statement that its resignation does not involve any information to be disclosed to the shareholders or creditors of the Company; or
2. a statement that any such information is to be disclosed.

The Company shall, within fourteen days after receipt of the written notice referred to in paragraph (2) of this Article, send a copy of the notice to the relevant governing authority. If the notice contains a statement under (II) (2) of this Article, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas listed shares (i.e. the shareholder who entitles to receive the financial report of the Company) at the address registered in the share register.

Where the accounting firm's notice of resignation contains a statement under (II) (2) of this Article, the accounting firm may require the Board of Directors to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

## Chapter 18 Notices

**Article 176** Notices of the Company may be delivered by the following means:

- (I) by personal delivery;
- (II) by post;
- (III) by fax or email;
- (IV) by way of publishing information on websites designated by the Company and the Hong Kong Stock Exchange, subject to the laws, administrative regulations and the listing rules of stock exchanges where the Company's shares are listed;
- (V) by way of announcement;

Rules 7(1) and (3), Appendix 3 to the Main Board Listing Rules  
Rule 2.07B of the Main Board Listing Rules  
Rule 2.07A(3) of the Main Board Listing Rules

- (VI) by any other means as agreed by the Company or the addressee or as accepted by the addressee after the notice is received;
- (VII) by any other means as approved by relevant regulatory authorities at the places where the Company's shares are listed or as specified in these Articles of Association.

Unless the context otherwise specifies, the "announcement" referred to in these Articles of Association shall mean, in respect of announcements made to the holders of domestic shares or the announcements to be published in the PRC as required by the relevant requirements and these Articles of Association, the publication of an announcement in newspapers or periodicals in the PRC, and such newspapers or periodicals shall have been prescribed under the laws and administrative regulations of the PRC or by the securities regulatory authorities under the State Council. For notices issued by the Company to the holders of overseas listed shares by way of announcement, the Company shall on the same day submit an electronic version to the Hong Kong Stock Exchange through the Hong Kong Stock Exchange electronic publishing system for immediate release on the website of the Hong Kong Stock Exchange in accordance with the local listing rules, or publish an announcement in newspapers (including the publication of an advertisement in newspapers) in accordance with the local listing rules.

The announcement shall also be published on the Company's website at the same time. In addition, unless otherwise required in these Articles of Association, the notice shall be delivered to each of the registered addresses as set forth in the register of holders of overseas listed shares by personal delivery or prepaid mail so as to give the shareholders sufficient notice and time to exercise their rights or act in accordance with the terms of the notice.

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

Shareholders or directors who want to prove that notices, documents, information or written statements have been served on the Company shall provide evidential materials showing the same has been served on the correct address by ordinary means or by prepaid mail within the designated periods.

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

If the Company is empowered to give notice by advertisement, such advertisements may be published in the newspapers and there is no prohibition on giving notice to shareholders with registered addresses outside Hong Kong.

**Article 177** Save as otherwise specified in these Articles of Association, the means of service of notice specified in the preceding article shall apply to notice of the shareholders' general meetings, Board meetings and meetings of the Supervisory Committee held by the Company.

**Article 178** In respect of the date of receiving a notice of the Company delivered by hand, the notice shall be deemed to be received upon signing (or affixing the seal) by the addressee on the note of receipt. If the notice is delivered by post, it shall be deemed to be received after 48 hours from the date upon which the post office receives the notice. If the notice is delivered by way of fax or email or by way of publishing information on websites, it shall be deemed to be received on the date it is sent or published. If the notice is delivered by way of announcement, it shall be deemed to be received on the date on which the announcement is first published. Such announcement shall be published on the newspapers or periodicals that satisfy the relevant requirements.

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

Rule 2.07B of the  
Main Board Listing  
Rules

## Chapter 19 Merger and Division of the Company

**Article 180** In the event of the merger or division of the Company, a plan shall be proposed by the Company's Board of Directors and shall be approved in accordance with the procedures stipulated in these Articles of Association. The Company shall then go through the relevant approval formality pursuant to the law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request the Company or the shareholders who consent to such plan to purchase their shares at a fair price. The content of the resolution of merger or division of the Company shall constitute special documents which shall be available for inspection by the shareholders.

Article 149 of the  
Mandatory Provisions

The aforesaid documents shall also be sent by mail to holders of overseas listed shares.

**Article 181** The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

Article 150 of the  
Mandatory Provisions  
Article 173 of the  
Company Law

In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution on merger and shall publish an announcement in the newspapers at least three times within 30 days from the date of such resolution.

Upon the merger, creditors' right or debts of each of the parties to the merger shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

**Article 182** Where the Company is divided, its properties shall be divided accordingly.

Article 151 of the  
Mandatory Provisions  
Articles 175 and 176  
of the Company Law

In the event of a division, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution on division and shall publish an announcement about the resolution for at least three times in the newspapers within 30 days from the date of such resolution.

The debts of the Company prior to the division shall be undertaken by the companies after division, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before division.

**Article 183** The Company shall, in accordance with laws, apply for change in its registration with the company registration authority where a change in any item in its registration arises as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with laws. Where a new company is established, the Company shall apply for registration thereof in accordance with laws.

Article 152 of the  
Mandatory Provisions

## **Chapter 20 Dissolution and Liquidation of the Company**

**Article 184** In any of the following circumstances, the Company shall be dissolved:

Article 153 of the  
Mandatory Provisions  
Articles 180 and 182  
of the Company Law

- (I) a special resolution on dissolution is passed at a shareholders' general meeting;
- (II) dissolution is necessary due to a merger or division of the Company;
- (III) its business license is revoked, or it is ordered to close up or to be revoked according to laws;
- (IV) the Company is ordered to close down according to laws due to its violation of laws or administrative regulations;
- (V) where the Company's operations and management encounter serious difficulty, and its continuation will cause substantial loss to the interests of the shareholders and no solution can be found through any other channel, shareholders holding 10% or more of the total voting rights of the Company may make requisition to the people's court to dissolve the Company;
- (VI) the Company is declared insolvent according to laws because it is unable to pay its debts as they fall due;
- (VII) the term of operation specified in these Articles of Association expires or any other circumstance for dissolution specified in these Articles of Association arises.

In the circumstance set out in (VII) above, the Company may continue to subsist by amending these Articles of Association.

**Article 185** Where the Company is dissolved pursuant to (I), (III) and (V) of Article 184 hereof, a liquidation committee shall be set up, within 15 days from the date upon which the cause of dissolution arises, to start the liquidation process. The membership of the liquidation committee shall be determined by an ordinary resolution of the shareholders' general meeting. In case no such committee is established to proceed with liquidation in time, the creditors may make application to the people's court for appointing relevant persons to form the liquidation committee for liquidation.

Article 154 of the  
Mandatory Provisions  
Article 183 of the  
Company Law

Where the Company is dissolved pursuant to (IV) of Article 184 hereof, a liquidation committee comprised of shareholders, relevant authorities and relevant professionals shall be formed by relevant competent authorities, for carrying out the liquidation.

If the Company is dissolved pursuant to (VI) of Article 184 hereof, a liquidation committee comprising shareholders, relevant authorities and relevant professionals shall be established by the people's court in accordance with relevant laws to carry out the liquidation.

**Article 186** Where the Board of Directors decides to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the Board of Directors shall include a statement in its notice convening the shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board of Directors is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

Article 155 of the  
Mandatory Provisions

Upon the passing of the resolution by the shareholders' general meeting for the liquidation of the Company, all functions and powers of the Board of Directors shall cease.

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

- Article 187** During the liquidation period, the liquidation committee shall exercise the following functions and powers: Article 157 of the Mandatory Provisions Article 184 of the Company Law
- (I) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
  - (II) to inform creditors by notice or announcement;
  - (III) to dispose of and liquidate any unfinished businesses of the Company;
  - (IV) to pay outstanding taxes and taxes incurred during the liquidation process;
  - (V) to settle claims and debts;
  - (VI) to deal with the remaining assets after the Company's debts having been paid in full;
  - (VII) to represent the Company in civil lawsuits.

**Article 188** The liquidation committee shall within 10 days of its establishment send a notice to creditors, and within 60 days of its establishment make a public announcement in a newspaper. The creditors shall declare their claims to the liquidation committee within 30 days from the date on which they receive such notice or within 45 days from the date of announcement if no such notice is received. Article 156 of the Mandatory Provisions Article 185 of the Company Law

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

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

**Article 189** The liquidation committee shall, after examining the Company's assets and preparing the balance sheets and an inventory of assets, formulate a liquidation plan and present it to the shareholders' general meeting or the relevant governing authority for confirmation. Article 158 of the Mandatory Provisions Article 186 of the Company Law

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

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

During the liquidation period, the Company shall not commence any new business activities.

**Article 190** If the liquidation committee, having examined the Company's assets and having prepared a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to pay its debts in full, it shall immediately apply to the people's court for a declaration of insolvency.

Article 159 of the  
Mandatory Provisions  
Article 187 of the  
Company Law

After the people's court has declared the Company insolvent, the liquidation committee shall turn over any matters regarding the liquidation to the people's court.

**Article 191** Following the completion of liquidation, the liquidation committee shall prepare a report on liquidation and a statement of the receipts and payments and financial books during the period of liquidation, which shall be examined and verified by the PRC certified public accountants and submitted to the shareholders' general meeting or the people's court for confirmation. The liquidation committee shall also within 30 days after such confirmation, submit the preceding documents to the company registration authority and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.

Article 160 of the  
Mandatory Provisions

## **Chapter 21 Amendments to these Articles of Association**

**Article 192** The Company may amend these Articles of Association pursuant to laws, administrative regulations and these Articles of Association.

Article 161 of the  
Mandatory Provisions

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

- (I) The Board of Directors shall firstly adopt a resolution for amendment to these Articles of Association and prepare a proposal for amendment to these Articles of Association;
- (II) The Board of Directors shall convene a shareholders' general meeting for voting on such proposal thereat;
- (III) The shareholders' general meeting shall approve such proposal by special resolution;
- (IV) The Company shall submit the proposal for amendment to these Articles of Association or the amended Articles of Association to the company registration authority for record.

**Article 194** Amendment to these Articles of Association which involves the contents of the Mandatory Provisions shall become effective upon approval by the company approval authority authorized by the State Council. Where amendment involves the registered particulars of the Company, application shall be made for alteration of registration in accordance with the laws.

Article 162 of the  
Mandatory Provisions

## Chapter 22 Settlement of Disputes

**Article 195** The Company shall act according to the following principles to settle disputes: Article 163 of the Mandatory Provisions Letter of

- (I) In the event of any dispute or claim between a holder of overseas listed shares and the Company, between a holder of overseas listed shares and a director, supervisor, the general manager or other senior management members, and between a holder of overseas listed shares and a holder of domestic shares arising from rights and obligations specified in these Articles of Association, Company Law and other relevant laws and administrative regulations and relating to the affairs of the Company, the parties concerned shall submit the said dispute or claim for arbitration. Supplementary Opinions – No. 11 Rules 19A.54(3) and 19A.55(c) of the Main Board Listing Rules

The aforesaid dispute or claim submitted for arbitration shall be the entire dispute or claim; all the persons who complain for the same reason or who are required to participate in the settlement of the dispute or claim shall accept the arbitration award if they are the Company or its shareholders, directors, supervisors, the general manager, or other senior management members.

Disputes in respect of who is the shareholder and those in relation to the share register need not be resolved by arbitration.

- (II) The claimant may select China International Economic and Trade Arbitration Commission for arbitration following the arbitration rules thereof or select Hong Kong International Arbitration Centre for arbitration following the securities arbitration rules thereof. Once a claimant refers a dispute or claim to arbitration, the other party must carry out arbitration in the arbitration tunnel selected by the claimant.

If the claimant selects for arbitration to be carried out at the Hong Kong International Arbitration Centre, any party may apply for a hearing to take place in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (III) If any disputes or claims of rights arising out of (I) above are settled by way of arbitration, the laws of the People's Republic of China (excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan region) shall apply, save as otherwise provided in laws and administrative regulations.
- (IV) The arbitration award made by the arbitral authority shall be final and binding on both parties.
- (V) For any agreements reached between a director, a senior management member and the Company containing provisions on settlement of disputes herein, the Company shall represent itself and each shareholder.
- (VI) Any arbitration submitted shall be deemed as authorizing the arbitration tribunal to conduct public hearing and announce the arbitration award.

## Chapter 23 Supplementary Provisions

**Article 196** In these Articles of Association, the meaning of an “accounting firm” is the same as that of “auditors”.

Article 165 of the  
Mandatory Provisions  
Paragraph 3 of Article  
216 of the Company  
Law

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

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

The “connected person transaction” referred to in these Articles of Association refers to the connected person transaction as defined in the Listing Rules.

The “state” as mentioned in these Articles of Association refers to the People’s Republic of China.

**Article 197** These Articles of Association are a translation from the original Chinese version. Should there be any discrepancies between the Chinese version and this English version or those of other languages (if any), the Chinese version shall prevail.

**Article 198** The power of interpretation of these Articles of Association shall be vested in the Company’s Board of Directors. Any matters not contained in these Articles of Association shall be proposed by the Board of Directors at the shareholders’ general meeting for approval.