

**Shanghai Dazhong Public Utilities (Group) Co., Ltd.**  
**Articles of Association**

(Amended in 2017)

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** The Articles of Association is formulated in accordance with the Company Law of the People's Republic of China (the "Company Law"), Securities Law of the People's Republic of China (the "Securities Law"), Special Regulations of the State Council on Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the "Special Regulations"), Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (the "Mandatory Provisions"), Opinions on Further Standardizing Operations and Reform of Companies Listed outside the PRC (the "Opinions"), Letter about Suggestions on Amendment to Articles of Association of Companies to be Listed in Hong Kong, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules") and other relevant provisions of the People's Republic of China (the "PRC", for the purpose of this Articles of Association, excluding the Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan), for the purpose of safeguarding the legitimate rights and interests of the Company, its shareholders and creditors, and regulating the organization and activities of the Company.

**Article 2** The Company is a limited liability company by shares established in accordance with the Company Law, the Regulations of the People's Republic of China on Company Registration, the Special Regulations and other relevant regulations (the "Company").

The Company was approved by document Hufuban [1991] No. 105 of the General Office of Shanghai Municipal People's Government and was incorporated by public subscription on 4 September 1991; it registered with the Shanghai Administration for Industry and Commerce and obtained a business license on 1 January 1992. Pursuant to the relevant provisions, the Company has been standardized in accordance with the Company Laws and fulfilled the re-registration procedure according to the law.

The Business License of the Company: 310000000008037

The promoters of the Company: Shanghai Dazhong Taxi Company, Shanghai Coalgas Company, Bank of Communications, Shanghai Pudong Branch and Shanghai Shenhua Electrician Union Company

- Article 3** On December 1, 1991, the Company issued 6,000,000 RMB ordinary shares to the public for the first time with the approval of document Hu Yin Jin Zi No. 4 of Shanghai Branch of People's Bank of China. On March 4, 1993, the Company was listed on Shanghai Stock Exchange.
- Article 4** The registered name of the Company in Chinese is: 上海大眾公用事業（集團）股份有限公司
- The name of the Company in English is: Shanghai Dazhong Public Utilities (Group) Co., Ltd.
- Article 5** Address: 518 Shangcheng Road, Pudong, Free Trade Zone of China (Shanghai)
- Post Code: 200120
- Tel: 86-21-64288888
- Fax: 86-21-64288727
- Article 6** The registered capital of the Company is RMB2,952,434,675.
- Article 7** The operating term of the Company: The Company is a limited liability company by shares which exists on a perpetual basis.
- Article 8** The legal representative of the Company is the Chairman.
- Article 9** The Company's total assets are divided into shares of equal par value and shareholders shall be accountable to the Company to the extent of their shareholding. The Company is liable for the debts of the Company with all of its assets.
- Article 10** Commencing from the date when it becomes effective, the Articles of Association shall constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations of the Company and each shareholder and among the shareholders. The Articles of Association shall be binding on the Company and its shareholders, directors, supervisors and senior officers. Pursuant to the Articles of Association, a shareholder may take action against another shareholder, any directors, supervisors, managers and other senior officers of the Company. A shareholder may also take action against the Company, whilst the Company may take action against any of its shareholders.

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

**Article 11** “Other senior officer(s)” referred to in the Articles of Association include deputy managers, the Secretary to the Board and the Chief Financial Officer.

**Article 12** The Company may invest in other limited liability companies or joint stock limited companies and shall be liable to the investing companies for the amount of subscribed capital or the shares subscribed for. Unless otherwise provided by law, the Company shall not become a contributor of joint and several liabilities for the debts of the investing companies.

The Company may, in accordance with the requirements of operation and management, carry out investment operations in accordance with the Company Law after the approval of the company approval department authorized by the State Council.

## **CHAPTER 2 OBJECTIVES AND SCOPE OF BUSINESS**

**Article 13** The Company’s objectives are to take full advantages of the financial and human resources it possessed, continuously improve the corporate social and economic benefits, adhere to legal operation and equal competition, as well as contributing to the increasing revenue for the Company and its shareholders and protecting the legitimate rights and interests of shareholders as a whole.

**Article 14** The business scope of the Company as legally registered is: industrial investment, domestic business (except for special examination and approval requirements), asset restructuring, mergers and acquisitions and related business consulting, with affiliated branch (licensed operations with operating licenses).

## CHAPTER 3 SHARES

### Section 1 Share Issuance

**Article 15** The Company shall have ordinary shares at all times. The Company may, upon the approval of the departments as authorized by the State Council, arrange other classes of shares if necessary.

**Article 16** All the shares of the Company shall be issued in the form of stocks.

**Article 17** Subject to the approval by the securities regulatory authority under the State Council, the Company may issue shares to domestic investors and foreign investors.

“Foreign investors” means those investors who subscribe for the shares of the Company and who are located in foreign countries or in the regions of Hong Kong, Macau and Taiwan. “Domestic investors” means those investors who subscribe for the shares of the Company and who are located within the territory of the PRC (excluding the regions of Hong Kong, Macau and Taiwan).

**Article 18** Shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares issued by the Company to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares listed overseas are called overseas-listed foreign shares.

Foreign shares listed on the Stock Exchange of Hong Kong Limited (the “SEHK”) are called H Shares. H Shares are approved and listed on the SEHK, of which nominal value are denominated in Renminbi and are subscribed for and traded in Hong Kong dollars.

“Foreign currencies” means the legal currencies other than RMB of other countries or regions that are recognized by the State’s foreign exchange administration authority which can be used to pay for subscription to the shares of the Company.

Shareholders of domestic shares and shareholders of overseas-listed foreign shares are shareholders of common shares and enjoy the same rights and assume the same obligations.

With the approval from the securities regulatory authority under the State Council, the holders of domestic shares of the Company may transfer the shares held by them to foreign investors, and such shares can be listed and traded abroad. The listing and trading of such transferred shares on overseas stock exchange shall also comply with the regulatory procedures, rules, and requirements of the overseas securities market.

**Article 19** The shares of the Company shall be issued on the basis of openness, fairness and equity, and shall rank *pari passu* among each other in the same class.

Stocks of the same class issued at the same time shall be equal in issue price and shall be subject to the same issuance conditions. The same price shall be paid by any institution or individual for each share subscribed.

**Article 20** Any and all stocks issued by the Company shall be denominated in Renminbi, with a par value of RMB1 per share. “Renminbi” means the legal currency of the People’s Republic of China.

**Article 21** The domestic shares issued by the Company are in the centralized custody of China Securities Depository and Clearing Corporation Limited Shanghai Branch. The overseas-listed foreign shares issued by the Company are mainly in the custody of trusteeship companies under the Hong Kong Securities Clearing Company Limited.

**Article 22** With approval, the Company issued a total of 14,000,000 ordinary shares. Upon incorporation, Shanghai Dazhong Taxi Company (as one of the promoters) subscribed for 5,000,000 shares, Shanghai Coalgas Company, Bank of Communications, Shanghai Pudong Branch and Shanghai Shenhua Electrician Union Company (each as one of the promoters) subscribed for 1,000,000 shares, respectively, representing 57.14% of the total number of ordinary shares which may be issued by the Company.

**Article 23** Before the issuance of H shares, the total number of shares of the Company was 2,467,304,675 shares. The share capital structure was: domestic shares, which accounted for 100% of the total share capital.

**Article 24** After the partial exercise of the over-allotment option of the Company, the share structure of the Company is a total number of 2,952,434,675 issued ordinary shares, of which 2,418,791,675 shares are domestic shares (A shares) and 533,643,000 shares are foreign shares (H shares).

**Article 25** As for the proposal of the issuance of the overseas-listed foreign shares and domestic shares of the Company approved by the securities regulatory authority under the State Council, the Board of Directors of the Company may make separate arrangements for offerings.

The Company may implement its proposal to issue overseas-listed foreign shares and domestic shares separately pursuant to the provisions of the preceding paragraph within 15 months from the date of approval by the securities regulatory authority under the State Council.

**Article 26** The Company shall have the respective overseas-listed foreign shares and domestic shares fully subscribed within the planned number of total shares in the issuance proposal. If the shares cannot be fully subscribed at one time due to special circumstances, the shares may, subject to the approval by the securities regulatory authority under the State Council, be issued in separate batches.



## **Section 2 Increase, Decrease or Repurchase of Shares**

**Article 27** The Company may, based on its operating and development needs and in accordance with the relevant requirements of Articles of Association, approve and increase its registered capital in the following ways, subject to resolution adopted by the shareholders' general meeting:

- (1) By public offering of shares;
- (2) By private offering of shares;
- (3) By distributing new shares to its existing shareholders;
- (4) By placing new shares to its existing shareholders;
- (5) By capitalization of its capital reserve funds into share capital;
- (6) By other means permitted by laws, administrative regulations, rules, and subject to the approval by China Securities Regulatory Commission.

After the Company's increase of share capital by means of issuing new shares shall have been approved pursuant to the Articles of Association, the issuance thereof shall be conducted in accordance with the procedures set out by relevant laws, administrative regulations and rules and provisions of the securities regulatory body of the place of listing.

**Article 28** The Company may reduce its registered capital. The reduction of the Company's registered capital shall be conducted in accordance with the procedures stipulated by the Company Law and other relevant rules and the Articles of Association.

**Article 29** The Company may, in accordance with the procedures set out in laws, administrative regulations, departmental rules and the Articles of Association, upon report to and obtaining approval from the relevant state competent authorities, repurchase its shares issued under the following circumstances:

- (1) decreasing the registered capital of the Company;
- (2) merging with other companies holding shares of the Company;

- (3) awarding shares to employees of the Company;
- (4) shareholders objecting to resolutions of the general meeting concerning merger or division of the Company and requesting the Company to buy back their shares;
- (5) further acquisition of the shares of the Company by the shareholder(s) severally or jointly holding 10% or above shares of the Company.

In the event of (5), subject to the laws, regulations, normative documents and the relevant regulatory rules and requirements of the securities regulatory authority where the Company's shares are listed and the Articles of Association, the Company may buy back the shares of the Company immediately and transfer such shares to particular parties without approval or mandate and shall perform the obligation of information disclosure.

The Company shall not trade its shares unless in the aforesaid circumstances.

**Article 30** The Company may repurchase its shares as approved by relevant state competent authorities by any of the following means:

- (1) making a general offer of repurchase to all shareholders in the same proportion;
- (2) repurchasing shares through public dealing on a stock exchange;
- (3) repurchasing shares by an off-market agreement;
- (4) other means approved by laws, administrative regulations, relevant competent authorities and the securities regulatory authority where the Company's shares are listed.

**Article 31** If the Company acquires its own shares for reasons of paragraphs (1) to (3) of Article 29 of the Articles of Association, the proposed resolution shall be passed at the general meeting. Upon the acquisition of its own shares by the Company pursuant to Article 29, in the case of paragraph (1), the acquired shares shall be cancelled within ten (10) days from the date of acquisition; in the case of paragraphs (2) and (4), the acquired shares shall be transferred or cancelled within six months.

The number of shares to be acquired by the Company pursuant to paragraph (3) of Article 29 shall not exceed 5% of the total issued shares of the Company. The funds to be used for the acquisition shall be paid out of the after-tax profit of the Company. The shares so acquired shall be transferred to the employees within one year.

**Article 32** Where the Company repurchases its own shares by an off-market agreement, it shall obtain prior approval at the shareholders' general meeting pursuant to the Articles of Association. Likewise, subject to the prior approval of the shareholders' general meeting, the Company may dissolve or change the contract signed in the aforesaid manner or waive any of its rights in the contract.

The said share repurchase contract includes, but not limited to, an agreement that consents to undertake the obligation to repurchase the shares and obtain the rights to repurchase them.

The Company shall not transfer any contract that repurchases the shares or any rights conferred under the contract.

If the redeemable share that the Company is entitled to repurchase is repurchased off-market or by bidding, the repurchase price of such shares must be capped. For the share repurchase by bidding, the relevant bidding invitations must be sent to all of its shareholders equally without discrimination.

**Article 33** Shares repurchased in accordance with law by the Company shall be cancelled within the period prescribed by laws and administrative regulations and rules, and the Company shall apply to the original companies registration authority for registration of the change of its registered shares capital.

The amount of the Company's registered Shares capital shall be reduced by the par value of those cancelled Shares.

**Article 34** Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its issued Shares:

- (1) where the Company repurchases Shares of the Company at par value, payment shall be made out of book surplus distributable profits of the Company and proceeds of a fresh issue of Shares made for that purpose;
- (2) where the Company repurchases Shares of the Company at a premium to its par value, payment up to the par value shall be made out of the book surplus distributable profits of the Company and the proceeds of a fresh issue of Shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
  1. if the Shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;
  2. if the Shares being repurchased were issued at a premium to its par value, payment shall be made out of the book surplus distributable profits of the Company and the proceeds of a fresh issue of Shares made for that purpose, provided that the amount paid out of the proceed of the fresh issue shall not exceed the aggregate of premiums received by the Company on the issue of the old Shares repurchased nor the amount of the Company's share premium account at the time of the repurchase (or of the capital reserve account) (including the premiums on the fresh issue);

- (3) payment by the Company in consideration of the following shall be made out of the Company's distributable profits:
1. acquisition of rights to repurchase Shares of the Company;
  2. variation of any contract to repurchase Shares of the Company;
  3. release of any of the Company's obligations under any contract to repurchase Shares of the Company;
- (4) after the Company's registered share capital has been reduced by the total par value of the cancelled Shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value portion of the Shares repurchased shall be recorded to the Company's share premium account (or the capital reserve account).

If laws, regulations, normative documents or relevant provisions of the securities regulatory authority at the place where the securities are listed otherwise specify the financial treatment provisions in relation to the repurchase of shares, these provisions shall prevail.

### **Section 3 Shares Transfer**

**Article 35** The Company's shares are freely transferable without any liens, unless otherwise specified in laws and administrative regulations. The transfer of the overseas-listed foreign shares listed in Hong Kong must be registered at the Hong Kong registration entity entrusted by the Company.

All fully paid-up overseas-listed foreign shares listed on SEHK may be freely transferable in accordance with the Articles of Association, provided however, that such transfer complies with the following requirements, otherwise the Board of Directors may refuse to recognize any instrument of transfer and will not need to provide any reason therefor:

- (1) A fee shall have been paid up to the Company for the necessary registration of the instrument of transfer and other documents relating to or with impact on the right of ownership of the shares in accordance with the standard fees set out in Hong Kong Listing Rules, which shall not exceed the maximum fees permitted by Hong Kong Listing Rules from time to time;
- (2) The instrument of transfer shall only relate to overseas-listed foreign shares listed on SEHK;
- (3) The stamp duty which is chargeable on the instrument of transfer shall have been paid;
- (4) The relevant share certificate(s) and any other evidence that the Board of Directors may reasonably require to prove that the transferor has the right to transfer the shares shall have been provided;
- (5) If it is intended that the shares be transferred to joint owners, the maximum number of joint owners shall be no more than four (4);
- (6) The Company shall not have any lien over the relevant shares.

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

All overseas-listed foreign shares which are listed in Hong Kong shall be transferred by a written instrument in a usual or common form (including the standard transfer form or registration form provided by SEHK) or any other form the Board of Directors may approve. The instrument of transfer may be signed by hand, or be affixed with a stamp if the transferor or transferee is a company. If the transferor or transferee is a recognized clearing house (“Recognized Clearing House”) or its nominee defined by relevant regulations in effect from time to time in accordance with the laws of Hong Kong, the transfer form may be signed by hand or in mechanically-printed form.

All the instruments of transfer shall be retained at the legal address of the Company or any other address specified by the Board of Directors from time to time.

**Article 36** The Company shall not accept any of its shares as the subject matter of a pledge.

**Article 37** The shares of the Company held by the promoters cannot be transferred within one (1) year after the incorporation of the Company. The shares issued before the initial public offering of shares cannot be transferred within one (1) year after the shares of the Company

## **Section 4 Financial Assistance for the Repurchase of Shares in the Company**

**Article 39** The Company or our subsidiaries shall not provide any financial assistance at any time or in any manner to a person that acquires or plans to acquire our shares. The aforesaid acquirer of shares of the Company includes a person who assumes obligations, directly or indirectly, from acquiring the shares of the Company.

The Company or our subsidiaries shall not provide the aforesaid obligator with financial aid at any time or in any manner to mitigate or exempt the obligations of that person.

The provisions of the Articles of Association shall not apply to the circumstances described in Article 41 of the Articles of Association.

**Article 40** The financial assistance referred in the Articles of Association includes, but not limited to, the following:

- (1) gifts;
- (2) guarantees (including acts of the guarantor assuming liabilities or providing property to ensure that the obligor performs the obligations), compensation (other than compensation in respect of the Company's own default), release or waiver of rights;
- (3) provision of loans or entering into agreements under which the Company needs to perform its obligations ahead of the other contracting parties, or a change in the parties to, or the assignment of rights arising under, such loans or agreements;



- (4) financial aid provided by the Company in any other manner when it is insolvent, has no net assets, or will suffer significant decreases in net assets. The assumption of obligations referred in this section includes assuming obligations by making an agreement or arrangement (whether enforceable or unenforceable, and whether made on one's own account or with any other persons) or by changing one's financial position by any other means.

**Article 41** The following activities shall not be deemed to be prohibited activities under Article 39 of the Articles of Association:

- (1) financial aid provided by the Company which is in good faith in our interest and the main purpose of the financial aid is not to acquire our shares or is an incidental part of a master plan of the Company;
- (2) lawful distribution of our properties by way of dividend;
- (3) distribution of dividends in the form of shares;
- (4) reduction of the registered capital, repurchase of the shares or adjustment of the equity structure pursuant to the Articles of Association;
- (5) the Company grants loans within our scope of business and in the ordinary course of our business, provided that such loans shall not result in reduction in the net assets of the Company or even if the net assets are reduced, this financial aid is paid from the profit available for distribution of the Company;
- (6) the Company provides the employee stock ownership plan with fund, provided that such loans shall not result in reduction in the net assets of the Company or, even if the net assets are reduced, this financial aid is paid from the profit available for distribution of the Company.

## **Section 5 Share Certificates and Register of Shareholders**

**Article 42** The share certificates of the Company shall be in registered form.

In addition to the particulars provided for in the Company Law, the Company's share certificates shall include such other particulars as required to be specified by the securities exchange(s) on which the Company's shares are listed. Where the share capital of the Company includes shares which do not carry voting rights, the words "non-voting shares" must appear in the designation of such shares. Where the share capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words "restricted voting" or "limited voting.

**Article 43** The share certificates shall be signed by the chairman of the Board. Where the signatures of other senior officers of the Company are required by the securities regulatory authority and securities exchange(s) on which the Company's shares are listed, the share certificates shall also be signed by such other senior officers. The share certificates shall become effective after the Company seal is affixed thereto or printed thereon, with authorization from the Board. The signature of the chairman of the Board or of other senior officers on the share certificates may also be in printed form.

**Article 44** The Company shall keep a register of shareholders in which the following particulars shall be recorded:

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

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

**Article 45** The Company may, according to the understanding or agreement reached between the competent securities regulatory authority under the State Council and a securities regulatory authority outside PRC, keep a register of shareholders of its overseas-listed foreign shares and appoint an agent outside PRC for the administration of such register. The original register of overseas-listed foreign shares that are listed on the SEHK shall be kept in Hong Kong.

The Company shall keep at its domicile a duplicate copy of the register of shareholders of overseas-listed foreign shares. The appointed agent outside PRC shall ensure that the original register of shareholders of overseas-listed foreign shares and its duplicate copy are consistent at any time. When the original and duplicate of the register of shareholders of overseas-listed foreign shares are inconsistent, the original shall prevail.

**Article 46** The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following sections:

- (1) the register of shareholders kept at the Company's domicile other than that specified in paragraphs (2) and (3) of this Article;
- (2) the register of shareholders of the Company's overseas-listed foreign shares kept at the place where the stock exchange having the shares listed overseas is located;
- (3) the register of shareholders kept at other places decided by the Board as necessary for the listing of the Company's shares.

**Article 47** The various parts of the register of shareholders shall not overlap. The transfer of shares registered in a certain part of the register of shareholders shall not, during the existence of the registration of such shares, be registered in any other part of the register.

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

All transfers and assigning of shares shall be registered under the share registrar appointed by the Company.

During the period of overseas-listed shares listing in the SEHK, the Company shall ensure that all ownership documents of the securities listed in the SEHK (including shares) include the statements stipulated below and shall instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such shares bearing statements to the following effect:

- (1) The acquirer of shares agrees with the Company and each shareholder of the Company, and the Company agrees with each shareholder, to observe and comply with the Company Law, the Special Regulations and other requirements related to the laws, administrative regulations and the Articles of Association.
- (2) The acquirer of shares agrees with the Company, each shareholder, Director, supervisor, manager and other senior officers of the Company and the Company acting for itself and for each Director, supervisor, manager and other senior officer agrees with each shareholder to refer all disputes and claims arising from the Articles of Association or any right or obligation conferred or imposed by the Company Law and other relevant laws and administrative regulations of the PRC concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearing in open session and to publish its award. Such arbitration shall be final and conclusive.
- (3) The acquirer of shares agrees with the Company and each shareholder of the Company that shares in the Company are freely transferable by the holder thereof.
- (4) The acquirer authorises the Company to enter into a contract on his behalf with each Director, manager and other senior officer whereby such Directors, manager and other senior officers undertake to observe and comply with their obligations to shareholders stipulated in the Articles of Association.

**Article 48** No registration of any change in the register of shareholders arising from a transfer of share shall be effected within 30 days before the holding of a shareholders' general meeting or within 5 days prior to the reference date set by the Company for the distribution of dividends.

Requirements of the securities regulatory authority of the place where the shares of the Company are listed shall prevail.

**Article 49** Any person who challenges the register of shareholders and requires his/her name to be entered into or removed from the register of shareholders may file application to a court with jurisdiction for correction of the register.

**Article 50** Any shareholder who is registered in the register of shareholders or requires his/her name to be entered into the register of shareholders may apply to the Company for issuance of a replacement certificate in respect of such shares (“Relevant Shares”) if his/her share certificate (“Original Share Certificate”) is lost.

Application for the replacement of share certificates from holders of domestic shares who have lost their certificates shall be dealt with in accordance with the relevant provisions of the Company Law. Applications for the replacement of share certificates from holders of overseas-listed foreign shares who have lost their certificates may be dealt with in accordance with the laws, overseas securities exchange regulations or other relevant regulations at the place where the original register of shareholders of overseas-listed foreign shares is kept.

Where shareholders of overseas-listed foreign shares listed in the SEHK apply for replacement of their share certificates in the case of loss of such certificates, such replacement shall comply with the following requirements:

- (1) The applicant shall submit the application in the standard form prescribed by the Company accompanied by a notarial certificate or statutory statements. The notarial certificate or statutory statements shall include the applicant’s reason for application, the circumstances and proof of the loss of the share certificate and declaration that no other person may require registration as a shareholder in respect of the relevant shares.
- (2) The Company shall not have received any declaration requiring registration as a shareholder in respect of the shares from any person other than the applicant before it decides to issue a replacement share certificate.

- (3) If the Company decides to issue a new replacement share certificates to the applicant, it shall publish a public announcement of its intention to do so in the newspapers or periodicals designated by the Board; the period of the public announcement shall be 90 days during which the announcement shall be published repeatedly at least once every 30 days.
- (4) Before publishing the public announcement of its intention to issue a replacement share certificate, the Company shall submit a copy of the announcement to be published to the securities exchange where it is listed and may proceed with publication after having received a reply from the securities exchange confirming that the announcement has been displayed in the securities exchange. The Company shall display the public announcement in the securities exchange for a period of 90 days.

If the application for reissuance of replacement share certificates was made without the consent of the registered shareholders of the relevant shares, the Company shall deliver by mail to such shareholders a copy of the public announcement that it intends to publish.

- (5) Upon the expiration of the 90-day period of public announcement and display specified in items (3) and (4) of the Articles of Association, if no objection to the issuance of a replacement share certificate is received by the Company from any person, a new replacement share certificate may be issued according to the application of the applicant.
- (6) When the Company issues a new replacement share certificate according to the provisions of the Articles of Association, it shall immediately cancel the original certificate and record such cancellation and the issuance of the new replacement share certificate in the register of shareholders.
- (7) All expenses of the Company for the cancellation of the original share certificate and the issuance of new replacement share certificate shall be paid by the applicant. The Company shall have the power to refuse to take any action until the applicant has provided reasonable security.

**Article 51** After the Company has issued a new replacement share certificate in accordance with the Articles of Association, the name of a bona fide purchaser to whom the new share certificate is issued or of a shareholder that is subsequently registered as the owner of the share (if a bona fide purchaser) shall not be deleted from the register of shareholders.

**Article 52** The Company shall not be liable for any damages suffered by any person as a result of the cancellation of the original share certificate or the issuance of a new placement share certificate, unless the claimant is able to prove fraud on the part of the Company.

## **CHAPTER 4 SHAREHOLDERS AND THE GENERAL MEETING**

### **Section 1 Shareholders**

**Article 53** The Company's shareholders are persons lawfully holding shares of the Company and whose names are registered on the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class of shares held by them. Shareholders of the same class shall enjoy equal rights and assume the same obligations.

Shareholders of different classes of the Company shall rank *pari passu* over dividends or any forms of distribution.

When two or more persons are registered as joint shareholders in respect of any share, such persons shall be deemed as joint holders of such shares, but shall be subject to the following terms and restrictions:

- (1) The Company shall not register more than 4 persons as the joint holders of any shares;
- (2) All joint holders of any shares shall assume joint liability to pay for all amounts payable in respect of such shares;
- (3) If any person among the joint holders of any shares dies, other joint holders of such shares shall be deemed to be entitled to such shares. In this case, the Board shall have the right to ask for any death certificate as it thinks fit in order to make alternation to the relevant register of shareholders;



- (4) With regard to joint holders of any shares, only the holder whose name stands first in the register of shareholders shall have the right to receive share certificates and notices, be present at shareholders' general meetings, or exercise all voting rights in respect of the shares. Any notice by the Company addressed to such holder shall be deemed to be delivered to all joint holders of the shares concerned.

**Article 54** The Board shall fix a date as the date for the determination of share ownership required to convene a shareholders' general meeting, distribute dividends, liquidation of the Company and for other acts requiring confirmation of shareholders' identity. Shareholders whose names are registered in the register of shareholders at the close of business on the date of determination shall be the shareholders entitled to the relevant interests.

**Article 55** The holders of ordinary shares of the Company shall enjoy the following rights:

- (1) to receive dividends and other forms of profit distribution on the basis of the number of shares held by them;
- (2) to request, convene, hold or participate in or to appoint proxies to participate in the shareholders' general meetings and exercise corresponding voting rights in accordance with the laws;
- (3) to supervise the operation of the Company, and to make suggestions and raise queries;
- (4) to transfer shares in accordance with the provisions of laws, administrative regulations, and the Articles of Association;
- (5) to obtain relevant information in accordance with the provisions of the Articles of Association, including:
  1. to receive the Articles of Association upon payment of charges at cost;
  2. being entitled to access and make copies, upon payment of reasonable charges, of:
    - (1) all parts of the registers of shareholders;



- (2) personal information of the directors, supervisors, managers and other senior officers of the Company, including:
  - a. current and previous names and aliases;
  - b. main address (residential);
  - c. nationality;
  - d. full-time and all other part-time occupations and duties;
  - e. identification documents and their numbers.
3. the status of the Company's share capital;
4. reports of the aggregate par value, number of shares, and highest and lowest prices of each class of shares repurchased by the Company since the last fiscal year as well as all the expenses paid by the Company therefor;
5. the minutes of shareholders' meetings.
- (6) participate in the distribution of the residual property of the Company on the basis of the number of shares held by them when the Company is terminated or liquidated;
- (7) request the Company to buy back his shares if a shareholder opposes the merger or division of the Company at the shareholders' general meeting;
- (8) other rights stipulated by laws, administrative regulations and the Articles of Association.

If a person who directly or indirectly owns the rights and interests of the shares fails to disclose his rights and interests to the Company, the Company shall not freeze or in any way damage any rights or interests attached to his/her shares solely because of this.

**Article 56** When a shareholder submits a request to inspect the information under the preceding Article, he/she shall present the proof of the type and number of shareholding in writing. The Company shall comply with the shareholder's request after verifying the shareholder's identity.

**Article 57** If any resolution of a shareholders' general meeting or Board meeting is in violation of the laws and administrative regulations, the shareholders shall have the right to request the People's court to invalidate the said resolution.

If the meeting convening procedures and voting method of the shareholders' general meetings or Board meetings are in violation of the laws and administrative regulations or the Articles of Association or if the contents of any resolution are in breach of the Articles of Association, the shareholders shall have the right to request the People's court to cancel the said procedures, method or resolution within 60 days after the resolution has been made.

**Article 58** If a director, a manager or a senior officer contravenes the provisions of the law, administrative regulations or the Articles of Association when carrying out/her his duties in the Company and resulting in losses to the Company, shareholders individually or collectively holding 1% of shares or more continuously for 180 days, can request the Supervisory Committee in writing to commence litigation at the People's Court. If the Supervisory Committee contravenes the provisions of the law, administrative regulations and the Articles of Association when carrying out its duties in the Company, resulting in losses to the Company, shareholders can request the Board of Directors in writing to commence litigation at the People's Court.

If the Supervisory Committee or the Board of Directors refuses to commence litigation after receiving the shareholders' written request or fails to commence litigation within 30 days of receiving the request, or the situation is so urgent that without commencing litigation immediately will cause irreparable losses to the Company, the shareholders under the previous paragraph may commence litigation in their own names at the People's Court for the sake of the Company's interests.

If any person contravenes the legal interests of the Company and leads to the losses of the Company, a shareholder under the first paragraph can commence litigation at the People's Court in accordance with the two preceding paragraphs.

**Article 59** If a director, a manager or senior officer contravenes the provisions of the law, administrative regulations or the Articles of Association, resulting in losses suffered by the shareholders, shareholders may commence litigation at the People's Court.

**Article 60** The provisions of Article 268 hereof shall be applicable if shareholders of foreign shares are involved in the contents listed in Article 57 to Article 59.

**Article 61** Holders of ordinary shares of the Company shall have the following obligations:

- (1) to abide by laws, administrative regulations and the Articles of Association;
- (2) to pay subscription fees based on the shares subscribed by them and the method of capital contribution;
- (3) not to give up those shares except as prescribed by laws or administrative regulations;
- (4) not to abuse the shareholders' rights to damage the Company's or other shareholders' interests; not to abuse the independent legal personality of the Company and the limited liabilities of the shareholders to damage the interests of the creditors of the Company;

a shareholder, who abuses his/her shareholder's rights, resulting in losses suffered by the Company or other shareholders, shall compensate in accordance with the law.

Shareholders who abuse the independent legal personality of the Company and the limited liabilities of the shareholders, in order to escape from debts, thereby seriously damaging the interests of the Company's creditors, shall jointly and severally bear the Company's debts.

- (5) Where shareholders interested in more than 10% of the Company's issued shares in separate or aggregated holdings continue to acquire the Company's shares and become the de facto controller, resulting in the resignation or dismissal of management personnel of medium or above level of the Company, the shareholders shall pay one-off additional gratuities to the leaving management personnel, unless the leaving management personnel waive their rights in writing.
- (6) Other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders shall not bear any liability for further contribution to share capital other than the conditions agreed to by the subscriber of the relevant shares on subscription.

**Article 62** Where a shareholder holding 5% or more voting shares of the Company pledges any shares in his/her possession, he/she shall report the same to the Company in writing on the date when such pledge is made.

**Article 63** The controlling shareholder or the de facto controller of the Company shall not use their connected relationship to prejudice the interests of the Company. In violation of such provisions, he/she shall be liable to compensate the Company for the losses thereof.

The controlling shareholder and the de facto controller of the Company have a duty of honesty towards the Company and the public shareholders of the Company. The controlling shareholder shall exercise his/her rights as a provider of capital strictly in accordance with the law. The controlling shareholder shall not make use of methods such as the distribution of profits, restructuring of assets, external investment, misappropriation of assets, borrowing, or providing guarantee, in order to damage the legal rights and interests of the Company and public shareholders, and he/she shall not make use of his/her controlling position to damage the interests of the Company and public shareholders.

**Article 64** In addition to obligations imposed by laws, administrative regulations or the listing rules of the securities exchange(s) on which the shares of the Company are listed, controlling shareholders may not, in the exercise of their shareholders' powers, make decisions prejudicial to the interests of all or part of the shareholders as a result of the exercise of their voting rights on the issues set forth below:

- (1) relieving a director or supervisor of the responsibility to act honestly in the best interest of the Company;
- (2) approving a director or supervisor (for his/her own or another person's benefit) of depriving the Company of its property in any way, including (but not limited to) any opportunities that are favorable to the Company;
- (3) approving a director or supervisor (for his/her own or another person's benefit) of depriving other shareholders of their rights or interests, including (but not limited to) rights to distributions and voting rights, but excluding a restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with the Articles of Association.

**Article 65** For the purposes of the preceding Article, the term “controlling shareholder” shall refer to a person that satisfies any of the following conditions:

- (1) he/she, acting alone or in concert with others, has the power to elect more than half of the number of the directors;
- (2) he/she, acting alone or in concert with others, has the power to exercise or control the exercise of 30% (inclusive) or more of the Company’s voting rights;
- (3) he/she, acting alone or in concert with others, holds 30% (inclusive) or more of the issued public shares of the Company;
- (4) he/she, acting alone or in concert with others, actually controls the Company in any other manner.

## **Section 2 General Provisions of the General Meeting**

**Article 66** The general meeting is the organ of power of the Company and shall exercise the following powers:

- (1) deciding on the business policies and investment plans of the Company;
- (2) electing and replacing Directors and supervisors who are appointed from amongst representatives of the shareholders and deciding on matters relating to the remuneration of the Directors and supervisors;
- (3) examining and approving reports of the Board of Directors;
- (4) examining and approving reports of the Supervisory Committee; (5) examining and approving the Company’s annual financial budget and final account proposals;
- (6) examining and approving the Company’s plans for profit distribution and loss make-up;
- (7) adopting resolutions on the increase or reduction of the Company’s registered capital;
- (8) adopting resolutions on plans for issuance of bonds of the Company;

- (9) adopting resolutions on matters such as merger, division, dissolution, liquidation and change of corporate form of the Company;
- (10) amending the Articles of Association;
- (11) adopting resolutions on the engagement or removal or discontinuation of engagement of accounting firms by the Company;
- (12) examining and approving guarantees required in Article 67;
- (13) examining proposals on matters relating to the purchase or sale by the Bank of material assets exceeding 30% of the latest audited total assets of the Company within one year;
- (14) examining proposals on changes in the use of proceeds;
- (15) examining share incentive plans;
- (16) considering proposals from shareholders representing 5% (inclusive) or more of the shares in the Company with voting rights;
- (17) considering other matters which are to be decided by the shareholders in general meetings according to the laws, administrative regulations, departmental rules, regulatory requirements of the securities regulatory authorities and stock exchanges of the place where the securities of the Company are listed, or required in the Articles of Association.

**Article 67** The following external guarantees to be provided by the Company shall be considered and approved by the general meeting.

- (1) Any provision of guarantee, where the total amount of external guarantees provided by the Company and its controlled subsidiaries reaches or exceeds 50% of the latest audited total assets;
- (2) Any provision of guarantee, where the total amount of external guarantees provided by the Company reaches or exceeds 30% of the latest audited total assets;
- (3) Provision of guarantee to anyone whose liability-asset ratio exceeds 70%;

- (4) Provision of a single guarantee the amount of which exceeds 10% of the latest audited net assets;
- (5) Provision of guarantee to shareholders, de facto controllers and their connected parties.

**Article 68** The general meetings shall include annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year and shall be held within six months from the end of the preceding financial year.

The Board shall convene an extraordinary general meeting within two months upon the occurrence of any of the following circumstances:

- (1) the number of directors is less than the number as stipulated in the Company Law or less than two-thirds of the number prescribed in the Articles of Association;
- (2) the losses of the Company which have not been made up reach one-third of the total share capital;
- (3) shareholders holding not less than 10% (inclusive) of the Company's issued shares with voting rights request in writing to hold an extraordinary general meeting;
- (4) whenever the Board considers necessary;
- (5) when the Supervisory Committee proposes to convene a meeting;
- (6) other circumstances as provided by laws, administrative regulations, departmental rules or the Articles of Association.

**Article 69** Where the Company convenes a general meeting, written notice must be given not less than 45 days prior to the meeting to notify all shareholders whose names appear in the share register of the matters to be considered and the date and venue of the meeting. Shareholders that intend to attend the general meeting shall deliver a written reply to the Company on meeting attendance not less than 20 days prior to the meeting.

**Article 70** In the annual general meeting of the Company, shareholders holding 5% or more of the total voting shares of the Company, are entitled to propose new resolutions to the Company in written form. The Company shall include those matters which are within the scope of duties of the general meeting into the agenda of such meeting.



**Article 71** The Company shall, based on the written replies received 20 days before the date of the general meeting, calculate the number of voting shares represented by shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches not less than one half of the Company's total voting shares, the Company may hold the general meeting. If not, the Company shall within 5 days notify the shareholders again by announcement of the matters to be considered, the date and venue of the meeting. The Company then may hold the general meeting after notice by announcement.

An extraordinary general meeting shall not decide on any matter not stated in the notice of the meeting.

**Article 72** The specific place for each annual general meeting or extraordinary general meeting shall be determined by the Board of Directors and announced in accordance with the Articles of Association.

The venue for a physical general meeting to be held shall be arranged. The Company shall provide internet voting for the convenience of shareholders attending the meetings. Shareholders attending a general meeting through the above means shall be deemed attending.

**Article 73** When holding a general meeting, the Company shall engage lawyers to advise on the following matters and make an announcement:

- (1) whether the procedures for convening and holding the meeting are compliant with the laws, administrative regulations, the Articles of Association;
- (2) whether the qualifications of the attendees and the conveners are lawful and valid;
- (3) whether the voting procedures and results of the meeting are lawful and valid;
- (4) other relevant matters at the request of the Company.



### **Section 3 Convening of General Meeting**

**Article 74** Independent directors shall be entitled to make a proposal to the Board of Directors on holding an extraordinary general meeting. For such a proposal, the Board of Directors shall give a written reply on whether to agree or not to hold such meeting within 10 days upon receipt of the proposal in accordance with laws, administrative regulations and the Articles of Association.

Where the Board of Directors agrees to hold such a meeting, a notice of general meeting shall be given within 5 days after the resolution of the Board of Directors is made. Where the Board of Directors does not agree to hold such a meeting, its reasons shall be given and an announcement shall be made.

**Article 75** The Supervisory Committee shall be entitled to make a proposal to the Board of Directors on holding an extraordinary general meeting and shall make such a proposal in written form. The Board of Directors shall give a written reply on whether to agree or not to hold such meeting within 10 days upon receipt of the proposal in accordance with laws, administrative regulations and the Articles of Association.

Where the Board of Directors agrees to hold such meeting, a notice of general meeting shall be given within 5 days after the resolution of the Board of Directors is made. Any change to the original proposal in the notice shall be subject to the approval from the Supervisory Committee.

Where the Board of Directors does not agree to hold such a meeting, or fails to give a written reply within 10 days upon receipt of the proposal, its reasons shall be given and an announcement shall be made.

**Article 76** Where shareholders request to hold an extraordinary general meeting or class meeting, the following procedures shall be followed:

- (1) two or more shareholders who collectively hold 10% or more of the voting shares at the proposed meeting may make a proposal to the Board of Directors on holding an extraordinary general meeting or class meeting by signing one or several written requests with same content in same format and define the meeting agenda. The Board of Directors shall convene such meeting as soon as possible upon receipt of the aforesaid written request. The aforesaid number of shares held shall be calculated as of the date when the written request was put forward by the shareholders.

- (2) in case that the Board of Directors fails to give a notice of convening such meeting within 30 days after receipt of the aforesaid written request, the shareholders who put forward the request may convene such a meeting within 4 months after receipt of the request by the Board of Directors, and the procedures shall be the same as those for convening a general meeting by the Board of Directors where possible.

The expenses reasonably incurred by shareholders in convening and holding such a meeting for the Board of Directors fails to hold such a meeting on the aforesaid request shall be borne by the Company and shall be deducted from any payment due by the Company to non-performing directors.

**Article 77** With respect to a general meeting convened by the shareholders, the Board of Directors and the Secretary to the Board shall give cooperation. The Board of Directors shall provide the register of the shareholders as of the record date.

#### **Section 4 Proposals and Notification of General Meeting**

**Article 78** The content of a proposal shall be determined by general meeting, which shall have definite topics to be discussed and specific matters for resolution and shall be in compliance with laws, administrative regulations and the Articles of Association.

**Article 79** When the Company convenes a general meeting, the Board of Directors, the Supervisory Committee and shareholder(s) individually or jointly holding more than 5% of the Company's shares shall have the right to propose resolutions to the Company.

However, for proposals related to division, merger, dissolution, liquidation of the Company, replacement of members of the Board of Directors and the Supervisory Committee, and amendments to the Articles of Association, only shareholders individually holding more than 20% of the Company's shares for 3 consecutive years shall have the right to propose resolutions to the Company.

Shareholder(s) individually or jointly holding more than 5% of the Company's shares may propose special resolutions in writing to the convener(s) 10 working days before the general meeting is convened. The convener(s) shall issue a supplementary notice of the general meeting within 2 days after receiving the resolutions to announce the contents of the special resolutions.

Except as provided in the preceding paragraph, after sending out a notice of general meeting, the convener(s) shall not make any amendments to the proposals included in the notice of general meeting or add any new proposals.

The Board of Directors of the Company shall examine the proposals of the general meeting in accordance with the Articles of Association in the best interests of the Company and the shareholders. Proposals not set out in the notice of general meeting or not complying with the Articles of Association shall not be submitted to the general meeting for voting and resolution by the Board of Directors of the Company.

**Article 80** The notice of a general meeting shall include the followings:

- (1) being in written form;
- (2) the time, venue and duration of the meeting;
- (3) the matters and proposals submitted for consideration at the meeting;
- (4) providing the shareholders with such information and explanation as necessary for them to make informed decisions in connection with the matters to be discussed. This means that when the following matters which shall include, but shall not be limited to: any merger, share repurchase, share capital reorganization or other restructuring proposals are involved, the detailed terms of the proposed transaction, the proposed agreement (if any) and detailed explanation as to the cause and effect of such proposed transaction shall be provided;
- (5) containing a disclosure of the nature and extent of the material interests of any Director, supervisor, manager or other senior officer in relation to the matters to be discussed and an explanation of the effect of the matters to be discussed on them in their capacity as shareholders so far as it is different from the effect on the interest of shareholders of the same class;
- (6) containing the full text of any special resolution to be proposed and approved at the meeting;

- (7) a clear explanation in writing indicating that all shareholders are entitled to attend and vote at the general meeting, or to appoint one or more proxies in writing to attend and vote at the meeting on his or her behalf and that such proxies are not necessarily shareholders of the Company;
- (8) specified delivery time and place of the power of attorney for proxy voting at the meeting;
- (9) specified record date for shareholders entitled to attend the general meeting;
- (10) name and telephone number of the contact person for the meeting.

Details of all proposals shall be disclosed on a full and complete basis in the notice and supplementary notice of general meeting. Where opinions from independent directors are required on any matters to be discussed, such opinions and reasons from independent directors shall be disclosed in the notice or supplementary notice of general meeting.

Where a general meeting is held online or by any other means, the notice of general meeting shall specify the time and procedures of the voting online or by any other means. The voting online or by any other means shall be started not earlier than 3:00 p.m. on the day before the on-the-spot general meeting is held and not later than 9:30 a.m. on the day when the on-the-spot general meeting is held, and shall be concluded not earlier than 3:00 p.m. on the day when the on-the-spot general meeting ends.

**Article 81** Notice of general meeting shall be served to shareholders (whether or not entitled to vote at the general meeting) by personal delivery or prepaid mail to their addresses. The address of the recipient shall be the address registered in the register of shareholders. For holders of domestic shares, notice of general meeting may be issued in the form of an announcement.



## **Section 5 Convening General Meeting**

**Article 84** The Board of Directors of the Company and other convener(s) shall take necessary measures to ensure the smooth running of the general meeting, including measures taken to deter any acts of intervening the general meeting, picking quarrels, provoking trouble and infringing of legal rights and interests of shareholders, and shall report them to the authorities for investigation and punishment on a timely basis.

**Article 85** All shareholders on the register of shareholders on the shareholding record date or their proxies shall be entitled to attend the general meeting, and vote in accordance with the provisions of the relevant laws, regulations and the Articles of Association.

Shareholders may attend the general meeting in person or they may appoint proxies to attend and vote on their behalf.

The instrument appointing a proxy shall be in writing under the hand of the principal or his attorney authorized in writing; where the principal is a legal person, such instrument shall be under its seal or under the hand of his Director or attorney duly authorized.

**Article 86** Individual shareholders who attend the meeting in person shall produce their identity cards or other effective document or proof of identity and stock account cards. Proxies of individual shareholders shall produce effective proof of identity and the authorization letter from the shareholder.

A corporate shareholder shall appoint a legal representative or a proxy entrusted by the legal representative to attend the meeting. If a legal representative attends the meeting, he shall produce his identity card and a valid certificate proving his qualification to be a legal representative; if a proxy is entrusted to attend the meeting, the proxy shall produce his identity card, and a written power of attorney issued by the legal representative of the corporate shareholder in accordance with the law.

**Article 87** Any shareholder entitled to attend and vote at a general meeting shall have the right to appoint one or more persons (who may not be necessarily a shareholder) as his proxies to attend and vote on his behalf. Such proxies may exercise the following rights as entrusted by the shareholder:

- (1) the shareholder's right to speak at the general meeting;
- (2) the right to demand by himself or jointly with others in voting by way of poll;
- (3) unless otherwise provided in the relevant laws, administrative regulations and relevant requirements of the securities regulatory authorities of the place where the shares of the Company are listed, the right to vote may be exercised either by a show of hands or by poll. However, if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by poll.

If a shareholder is a recognized clearing house or its agent within the meaning of the relevant regulations imposed in Hong Kong from time to time, he may authorize one or more proxy(ies) as he thinks fit to act as his proxy(ies) at any general meeting or class meeting of shareholders. However, if more than one proxies are appointed, the proxy form shall specify the number and class of shares represented by each of such proxies under the authorization, and signed by authorized person of recognized clearing house. Such authorized proxies are entitled to attend the meeting on behalf of the recognized clearing house or its agent (without presentation of evidence of their shareholding, notarized authorization and/or further proof demonstrating the duly granting of the same) and exercise the right, as if they were the individual shareholders of the Company.

**Article 88** The instrument issued by the shareholder to authorize another person to attend the general meeting shall state the following contents:

- (1) name of the proxy;
- (2) whether the proxy has voting rights;
- (3) indication of consent, objection or abstention concerning each proposal to be resolved on the agenda of general meeting;

- (4) whether the proxy has any voting right(s) in respect of provisional motions which may be included in the agenda of the general meeting; and, if the proxy has such voting right(s), specific instructions as to the exercise of those voting rights;
- (5) date of signing of the instrument and term of validity;
- (6) signature (or seal) of the principal. If the principal is a corporate shareholder, the corporate seal shall be affixed.

**Article 89** Any form issued by the Board of Directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast vote in favour of or against each resolution and enable the shareholders to give separate instructions on each matter to be voted on at the meeting. The proxy form shall state that if the shareholder does not give specific instructions, the proxy shall vote at his/her/its own discretion.

**Article 90** The instrument appointing a voting proxy shall be placed at the domicile of the Company or at such other places as specified in the notice of convening the meeting 24 hours prior to convening of the meeting at which the proxy is authorized to vote or 24 hours prior to the designated time of voting. Where the instrument is signed by another person authorized by the principal, the authorization letter or other documents authorizing the signatory shall be notarized. The notarized authorization letter or other authorized documents shall be placed together with the instrument appointing the voting proxy at the domicile of the Company or at such other places as specified in the notice of convening the meeting.

Where the principal is a legal person, its legal representative or the person authorized by resolution of its board of directors or other decision-making body shall be entitled to attend the Company's general meetings as the representative of such legal person.

**Article 91** Where the entrusting party is deceased or incapacitated to act or whose signed proxy form is withdrawn or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of the proxy form shall remain valid as long as the Company has not received a written notice of such matters before the commencement of the relevant meeting.



**Article 92** A registration record for attendees at the meeting shall be compiled by the Company. The registration record shall contain items including but not limited to the names of the attendees (or names of organizations), identity card numbers, residential addresses, the number of shares held or voting rights represented and names of the principals (or name of organizations).

**Article 93** The convener(s) and lawyers appointed by the Company shall verify the validity of shareholders' qualification based on the register of shareholders offered by the securities registration and clearing institution, and shall register names of shareholders and the number of voting shares they hold. The registration for the meeting shall be terminated before the presider of the meeting announces the number of shareholders and proxies present at the meeting as well as the total number of voting shares they hold.

**Article 94** Where a general meeting is convened, all of the Company's Directors, supervisors and the Secretary to the Board shall attend the meeting, and managers and other senior officers shall be present to observe the meeting.

**Article 95** The general meeting shall be convened by the Board of Directors and presided over by the chairman on the Board of Directors. Where the chairman of the Board of Directors is unable to discharge or fails to discharge his/her duties, the meeting shall be convened and presided over by the vice chairman of the Board of Directors (if there are two or more vice chairmen, the one elected by more than one half of the directors shall preside over the meeting). In the event that both the chairman and vice chairman are unable to attend the meeting, a director selected by the Board of Directors shall convene and preside over the meeting. In the event that no such designation is made, one shareholder as elected from the attending shareholders may preside over the meeting. If, for any reason, the attending shareholders fail to elect one to be the presider, the attending shareholder who holds the most voting shares shall preside over the meeting.

For the general meetings convened by shareholders, the conveners shall nominate a representative to preside over the meeting.

In the event that the presider of the meeting violates the rules of procedures which results in the general meeting being unable to continue, upon approval by the shareholders representing more than half of the voting rights present at the meeting, a person may be elected to preside over the general meeting and the meeting shall continue.

- Article 96** The Company shall formulate the rules of procedures for the general meeting and specify in details the procedures for convening and voting at the general meeting, including notification, registration, reviewing of proposals, voting, counting of votes, announcement of voting results, formation of meeting resolutions, minutes of meeting and their signing, public announcements as well as principle for the authorization granted to the Board by the general meeting, and the content of authorization shall be clear and specific. The rules of procedures for the general meeting shall be appended to the Articles of Association and shall be formulated by the Board and approved by the general meeting.
- Article 97** In the annual general meeting, the Board and the Supervisory Committee shall report their work for the past year to the general meeting. Each independent director shall also present a work report.
- Article 98** Directors, supervisors, managers and senior officers shall provide answers and explanations in response to queries and recommendations made by shareholders at the general meeting, provided that no trade secrets of the Company shall be discussed at the meeting.
- Article 99** The presider of the meeting shall, prior to voting, announce the number of shareholders and proxies present at the meeting as well as the total number of voting shares they hold, which shall be that as indicated in the meeting's register.
- Article 100** Minutes shall be prepared for general meetings by the Secretary to the Board. The minutes shall state the following contents:
- (1) time, venue and agenda of the meeting and name of the convener;
  - (2) the name of the presider of the meeting and the names of Directors, supervisors, managers and other senior officers attending or present at the meeting;
  - (3) the numbers of shareholders and proxies attending the meeting, total number of voting shares they hold and the percentages to the total number of shares of the Company;
  - (4) the process of review and discussion, summary of any speech and voting results of each proposal;
  - (5) shareholders' questions, opinions or suggestions and corresponding answers or explanations;
  - (6) names of lawyers, vote counters and scrutinizer of the voting;

- (7) other contents to be included as specified in the Articles of Association.

**Article 101** The convener shall ensure that the contents of the minutes are true, accurate and complete. Directors, supervisors, Secretaries to the Board, convener or his/her representative and the presider of the meeting shall sign on the minutes. The minutes shall be kept together with the attendance register, proxy forms and valid records on internet voting and other means of voting, for a period of 10 years.

**Article 102** The convener shall ensure the general meeting goes on smoothly until final resolutions are made. Where the general meeting is adjourned or unable to make any resolution due to any special reasons such as force majeure, necessary measures shall be taken to resume or terminate the general meeting as soon as possible, and an announcement shall be made in a timely manner. Meanwhile, the convener shall report it to the local office of the CSRC in the place where the Company operates and the stock exchange.

## **Section 6 Voting and Resolutions of General Meetings**

**Article 103** Resolutions of general meetings are in the form of ordinary resolutions and special resolutions.

An ordinary resolution of a general meeting shall be passed with the approval of more than one half of the voting rights held or represented by the shareholders (including proxies) attending the meeting.

A special resolution of a general meeting shall be passed with the approval of more than two thirds of the voting rights held or represented by the shareholders (including proxies) attending the meeting.

**Article 104** The following matters shall be adopted by way of ordinary resolutions at general meetings:

- (1) work reports of the Board of Directors and the Supervisory Committee;
- (2) profit distribution plans and loss recovery plans prepared by the Board of Directors;
- (3) dismissal of the members of the Board of Directors and the supervisory committee and their remuneration and the payment thereof;

- (4) annual budget plans, final account plans, balance sheets, income statements and other financial statements of the Company;
- (5) annual reports of the Company;
- (6) other matters other than those required by the laws, administrative regulations, the listing rules of the stock exchange on which the shares of the Company are listed or the Articles of Association to be adopted by special resolutions.

**Article 105** The following matters shall be adopted by way of special resolutions at shareholders' general meetings:

- (1) increase or reduction in the registered capital and issue of shares of any class, stock warrants and other similar securities;
- (2) issue of corporate bonds;
- (3) the division, merger, dissolution, liquidation and change of corporate form of the Company;
- (4) amendments to the Articles of Association;
- (5) the purchases and disposals of material assets or guarantees within one year, which exceed 30% of the latest audited total assets of the Company;
- (6) adjustments to the profit distribution policy;
- (7) equity incentive plans;
- (8) any other matters required by the laws, administrative regulations or the Articles of Association, and matters considered in an ordinary resolution adopted at a shareholders' general meeting having a material impact on the Company, and thus in need of approval by a special resolution.

**Article 106** Shareholders (including proxies) shall exercise their voting rights according to the number of shares carrying voting rights they represent, with one vote for each share.

Shares of the Company held by the Company itself do not carry any voting rights, and shall not be counted in the total number of shares carrying voting rights represented by shareholders attending a shareholders' general meeting.

The Board, independent Directors and shareholders who meet the relevant requirements are entitled to solicit shareholders' voting rights. Information including the specific voting intention shall be fully disclosed to shareholders from whom voting rights are being solicited. It is prohibited to solicit voting rights from shareholders by offering consideration or consideration in disguised form. The Company shall not impose any limit on the minimum shareholding in respect of the soliciting voting rights.

**Article 107** When connected transactions are being considered at a shareholders' general meeting, the connected shareholders shall abstain from voting, and the number of shares carrying voting rights represented by them shall not be counted in the total number of valid votes; The announcement on the resolutions of a general meeting shall fully disclose the voting results of non-connected shareholders. If connected shareholders can not abstain from voting due to special situation, the Company shall vote according to the regular procedure after soliciting the approval of authority and make detailed explanation in the announcement in relation to the resolutions at the shareholders' general meeting.

If any shareholder shall abstain from voting on certain resolution in accordance with the listing rules of the place where the overseas-listed foreign shares are listed, or such listing rules limit any shareholder to vote in favor of or against certain resolution, the voting which violates such requirement or limitation by such shareholder or his proxy shall not be included in the voting results.

**Article 108** Subject to ensuring the legitimacy and effectiveness of the general meeting, the Company shall provide convenience to the shareholders to attend the shareholders' general meeting through various methods and ways, including modern information technologies such as providing network voting platform, etc.

**Article 109** Unless under special circumstances, such as the Company is in crisis etc., without being approved by the shareholders' general meeting through special resolution, the Company shall not settle a contract that grants the management of all or important businesses of the Company to a person other than Directors, managers and other senior officers.

**Article 110** List of Director and supervisor candidates shall be submitted in the form of proposals to the shareholders' general meeting for vote.

As to voting for the election of Directors and supervisors at the general meeting, accumulative voting system may be adopted in accordance with the provisions in the Articles of Association or resolutions to be passed at the shareholders' general meeting.

The accumulative voting system as mentioned in the preceding paragraph means that in the election of directors or supervisors at the shareholders' general meeting, each share carries a voting right equivalent to the number of directors or supervisors to be elected. A shareholder may concentrate the voting rights. The Board shall notify shareholders of the biography and profile of the director and supervisor candidates.

Candidates for directors and supervisors of the Company are generally shareholders' representatives of the Company, senior officers of the Company or social celebrities. directors and supervisors who are not staff representatives shall be nominated by the last term of office of the directors and the supervisors and submitted to the general meeting for vote.

**Article 111** Except for the accumulative voting system, the shareholders' general meeting shall vote on each proposal individually. Where there are different proposals on the same issue, voting should be carried out in the chronological order of the proposals raised. Except for special reasons such as force majeure causing suspension of the shareholders' general meeting or failure to reach a resolution, the shareholders' general meeting shall not set aside any proposal or have any proposal not voted.

**Article 112** When considering a proposal at a shareholders' general meeting, no amendments shall be made to the proposal. Otherwise, any amendment made shall be considered as a new proposal and shall not be voted at that general meeting.

**Article 113** A voting right shall be exercised once through either on-site voting, entrusted voting cast by the Board of Directors or network voting. In case of duplicate voting, the validity of votes of on-site voting, entrusted vote cast by the Board of Directors or network voting shall be determined in following priority order:

- (1) If duplicate votes are cast in respect of the same share by way of on-site voting, network voting or entrusted voting cast by the Board of Directors, the on-site vote will be taken as valid;

- (2) If duplicate votes are cast in respect of the same share by way of network voting or entrusted voting cast by the Board of Directors, the entrusted voting cast by the Board of Directors will be taken as valid;
- (3) If duplicate votes are cast in respect of the same share by way of repeated entrusted voting cast by the Board of Directors, the last entrusted voting cast by the Board of Directors will be taken as valid;
- (4) If duplicate votes are cast in respect of the same share by way of repeated network voting, the first network vote will be taken as valid.

**Article 114** Voting is conducted by open ballot at the shareholders' general meeting.

**Article 115** Voting at a shareholders' general meeting shall be in the form of a show of hands unless a poll is (before or after any vote by show of hands) demanded by the following persons:

- (1) the presider of the meeting;
- (2) at least two shareholders or proxies entitled to vote;
- (3) one or certain shareholders (including proxies) individually or jointly holding 10% or more of all shares carrying voting rights at the meeting.

Unless a poll is demanded by any person, the presider of the meeting shall declare whether a resolution has been passed based on a show of hands and record the result in the minutes of meeting as the conclusive evidence. There is no need to provide evidence of the number or percentage of votes in favour of or against such resolution.

The demand for a poll may be withdrawn by the person who makes such demand.

In case of any contradiction of this Article with the Hong Kong Listing Rules, the Hong Kong Listing Rules shall prevail.



**Article 116** A poll demanded on such matters as the election of presider of the meeting or the suspension of the meeting, shall be taken forthwith; A poll demanded on any other matters shall be taken at such time as the presider of the meeting may decide, and the meeting may proceed to discuss other matters, while the outcome of the poll shall still be deemed to be a resolution of that meeting.

**Article 117** On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way.

**Article 118** In case of an equality of votes, whether on a show of hands or on a poll, the presider of the meeting shall have a casting vote.

**Article 119** Before the relevant proposal is voted on at a shareholders' general meeting, two representatives of the shareholders shall be elected for counting the votes and scrutinizing the poll. Any shareholder who is interested in the matter under consideration and his proxy shall not take part in counting the votes or scrutinizing the poll.

When the proposal is being voted on at the shareholders' general meeting, lawyers, the representatives of shareholders and representatives of supervisors shall be jointly responsible for counting the votes and scrutinizing the poll, and the voting result shall be announced at the meeting. The voting results relating to such proposed resolution shall be recorded in the minutes of meeting. Auditors of the Company, share registrars or external accountants who are qualified to act as auditors of the Company may act as the vote counters and the scrutineers.

Shareholders of the listed company or their proxies, who have cast their votes by network voting or by other means, have the right to check their voting results through the respective voting system.

**Article 120** The on-site shareholders' general meeting shall not end earlier than the network meeting or meeting delivered through other means. The presider of the meeting shall announce the voting status and result for each proposal and announce whether a resolution is passed according to the voting result.

Before the voting result is officially announced, the listed company, counter, scrutineer, substantial shareholders, network services provider and other related parties involved in the on-site general meeting, network meeting or meeting delivered through other means shall keep in confidential the voting result.



**Article 121** Shareholders who attend the general meeting shall take one of the following stances when a proposal is put forward for voting: to vote for, vote against or abstain from voting.

Any votes which are uncompleted, erroneously completed or illegible, or uncast votes shall be considered as an abstention of voting rights by the voter and the outcome of votes carried with the shares held by such voter shall be counted as “abstain from voting”.

**Article 122** The chairman of the meeting shall determine whether or not a resolution of the general meeting shall be adopted. His decision shall be final and conclusive and shall be announced at the meeting and recorded in the meeting minutes.

**Article 123** Where the chairman of the meeting has any doubt as to the voting result of a resolution proposed for voting, he may request the votes to be counted. If the chairman of the meeting fails to have the votes counted, any shareholder or proxy attending the meeting who objects to the result announced by the chairman of the meeting may require immediately after the declaration that the votes be counted, the chairman of the meeting shall have the votes counted immediately.

Where the votes are counted at a general meeting, the counting results shall be recorded in the meeting minutes.

The meeting minutes together with the signature book for shareholders’ attendance and the letters of proxy for proxies attending the meeting shall be kept at the domicile of the Company.

**Article 124** Copies of the meeting minutes shall be available for inspection during business hours of the Company by any shareholder without charge. If any shareholder demands from the Company a copy of such minutes, the Company shall deliver the copy within seven days after the receipt of reasonable costs.

**Article 125** The announcement of the resolutions passed at the general meeting shall be timely published and specify the number of the shareholders and proxies attending the meeting, the total number of shares carrying voting rights held by them and the percentage of such shares in relation to the total number of shares of the Company carrying voting rights, the means of voting, the voting result of each resolution and the details of the resolutions passed.

- Article 126** Where the proposed resolution is not passed, or the general meeting alters the resolution(s) passed at the previous general meeting, a special note shall be made in the announcement of the resolutions of the general meeting.
- Article 127** Where proposed resolutions in relation to the election of Directors or supervisors are passed at a general meeting, the term of office for the new Directors or supervisors shall take effect from the date of passing such resolutions at the general meeting to the date of expiry of the term of office of the incumbent Directors and supervisors.
- Article 128** Where a proposed resolution in relation to the payment of cash dividends, the issue of bonus shares or the capitalisation of capital reserves has been passed at a general meeting, the Company shall implement the specific plans within two months after the conclusion of such general meeting.

#### **Section 7 Special Procedures for Voting by Class Shareholders**

- Article 129** Shareholders holding different classes of shares shall be class shareholders.
- Class shareholders shall be entitled to the rights and assume obligations pursuant to the provisions of laws, administrative regulations and the Articles of Association.
- Article 130** Any variation or abrogation of the rights of any class shareholders proposed by the Company may only come into effect upon the adoption of a special resolution at a general meeting and approval by the affected class shareholders at a separate meeting convened in accordance with Articles 132 to 136.
- Article 131** The following circumstances shall be deemed to be a variation or abrogation of the rights of a certain class shareholders:
- (1) to increase or decrease the number of shares of such class, or increase or decrease the number of shares of another class carrying rights to voting, distribution or other privileges equal or superior to those of shares of such class;
  - (2) to convert all or part of shares of such class into shares of other classes, or to convert or grant a right of conversion of all or part of shares of other classes into shares of such class;



- (2) In the case of a repurchase of its own shares by the Company through an off-market agreement in accordance with the provisions of Article 30 of the Articles of Association, “interested shareholder” shall refer to the shareholder in relation to the agreement;
- (3) In the case of a restructuring of the Company, “interested shareholder” shall refer to a shareholder within a class who bears liabilities less than the proportion burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.

**Article 133** A resolution of a class meeting shall only be passed in accordance with Article 132 by shareholders present at the class meeting who represent more than two-thirds of voting rights.

**Article 134** Written notices of a class meeting convened by the Company shall be dispatched forty-five days prior to the date of the class meeting to all shareholders of such class whose names appear on the register of shareholders, specifying the matters to be considered and the date and venue of the meeting. Shareholders who intend to attend the meeting shall serve on the Company written replies of their intention to attend 20 days prior to the date of the meeting.

If the number of shares carrying voting rights at such meeting held by shareholders who intend to attend such meeting reaches more than one-half of the total number of shares of a class carrying voting rights at such meeting, the Company may convene such class meeting; if not, the Company shall further notify the shareholders by way of announcement within 5 days thereof specifying the matters to be considered and the date and venue of the meeting. After such announcement is given, the Company may then convene the class meeting.

**Article 135** Notices of class meetings need only be served on shareholders entitled to vote at the meetings. Procedures for holding a class meeting shall be similar to those for holding a general meeting as far as possible, and the provisions in the Articles of Association relating to the procedures for a general meeting shall apply to a class meeting.

**Article 136** Except for shareholders of other classes, the holders of domestic shares and holders of foreign shares listed overseas are deemed to be different class shareholders.

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

- (1) Where the Company issues, upon approval by a special resolution at a general meeting, domestic shares and overseas-listed foreign shares once every twelve months, either separately or concurrently, and the respective numbers of domestic shares and overseas-listed foreign shares proposed to be issued do not exceed 20% of the respective numbers of the issued domestic shares and overseas-listed foreign shares;
- (2) Where the Company's plan to issue domestic shares and overseas-listed foreign shares at the time of incorporation is carried out within 15 months from the date of approval by the securities regulatory authority under the State Council;
- (3) where upon the approval from the securities regulatory authority of the State Council and other approving authority (including but not limited to, if applicable, the Securities & Futures Commission of Hong Kong and the SEHK ), the domestic shares of the Company may be converted into foreign shares, and such shares may be listed and traded on an overseas stock exchange.

## **CHAPTER 5 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 137** Directors of the Company are natural persons and need not be shareholders of the Company.

**Article 138** Directors shall be elected or replaced at a general meeting. The term of office of the Directors shall be three years. Upon expiry of the current term of office, a Director shall be eligible to offer himself for re-election and re-appointment. Before expiry of the current term of office, a Director shall not be dismissed without cause by the general meeting. The general meeting may, by an ordinary resolution, dismiss any Director before the expiry of his term of office (but without prejudice to such Director's right to claim damages based on any contract) on the condition that all the relevant laws and administrative regulations are fully complied with.

Written notices of intent to nominate candidates for Directors and indication of consent to such nomination shall be given to the Company 7 days prior to the general meeting. The Company shall permit no less than 7 days (commencing from the next day of the date of the general meeting notice) for relevant nominators and nominees to submit the aforesaid notice and document.

Save for independent Directors and staff representative Directors, the proportion of Directors to be replaced at each term of the Board of Directors shall not exceed one fifth of the total number of members of the Board of Directors.

The tenure of a Director shall start from the date on which the said Director assumes office until the expiration of the term of the incumbent Board. In the event that re-election of Directors is not conducted on a timely manner upon expiration of the term of service of a Director, the incumbent Directors shall continue to perform their duties of Directors in accordance with laws, administrative regulations, department rules and requirements of the Article of Associations until incoming director assumes his office.

**Article 139** Directors shall abide by laws, administrative regulations and the Articles of Association, and bear the following fiduciary duties to the Company:

- (1) not taking advantage of his or her position to accept bribes or illegal income, and not appropriating property of the Company;
- (2) not embezzling the funds of the Company;
- (3) not opening an account in his or her own name or in the name of another individual and depositing the assets or funds therein of the Company;
- (4) not breaching the Articles of Association by lending the funds of the Company to a third party or using the property of the Company to provide security for a third party without the consent of the general meeting or the Board of Directors;
- (5) not entering into contracts or transactions with the Company in breach of the Articles of Association or without the consent of the general meeting;

- (6) not using the advantages of his or her office to appropriate for himself/herself or for others, business opportunities which ought to belong to the Company or operate a business for his or her own account or on behalf of others which is of the same type as the Company's business without the consent of the general meeting;
- (7) not accepting for himself/herself commissions in connection with the Company's transactions;
- (8) not disclosing secrets of the Company without authorization;
- (9) not using his or her connected relationships to harm the interests of the Company;
- (10) other fiduciary duties specified in laws, administrative regulations, department rules and the Articles of Association.

Income derived by a Director in breach of this Article shall belong to the Company. If the Company sustains a loss as result of such breach, the Director shall be liable for the damages.

**Article 140** A Director shall abide by laws, administrative regulations and the Articles of Association, and bear the following obligations of diligence toward the Company:

- (1) prudently, conscientiously and diligently exercising the rights granted him or her by the Company, so as to ensure that the commercial acts of the Company comply with state laws, administrative regulations and the requirements under various economic policies of the government, and that its commercial activities do not exceed the scope of business specified on the business license;
- (2) treating all shareholders equally;
- (3) timely keeping abreast of the Company's business operation and management situation;
- (4) signing written confirmation opinions on the regular reports of the Company so as to ensure that the information disclosed by the Company is true, accurate and complete;

- (5) providing true information and data to the Supervisory Committee and not interfering with the Supervisory Committee or supervisors in the exercise of their functions and powers;
- (6) other obligations of diligence specified in laws, administrative regulations, department rules and the Articles of Association.

**Article 141** A Director who fails to attend a meeting of the Board of Directors in person for two consecutive times, or appoint another Director to attend the meeting of the Board of Directors meeting on his behalf shall be deemed unable to discharge his duties. The Board of Directors shall put forward a proposal at the general meeting to replace such Director.

**Article 142** Directors may resign before expiry of their terms of office. The Directors who resign shall submit to the Board of Directors a written report in relation to their resignation. The Board of Directors shall disclose such resignation within 2 days.

If the resignation of a Director causes the quorum of the Board of Directors to fall below the statutory minimum, the incumbent Director shall continue to perform his or her duties as a Director in accordance with laws, administrative regulations, department rules and the Articles of Association until the incoming Director assumes his or her position.

Except in the circumstance specified in the preceding paragraphs, a Director's resignation shall be effective upon his written resignation submitted to the Board of Directors.

In the event that any person is elected as a Director to fill a casual vacancy of, or as an additional director to, the Board of Directors, such newly elected Director or any person so appointed shall have a term of office commencing from the date on which he is elected until the next annual general meeting of the Company, and shall be eligible for re-election at the meeting.

**Article 143** Upon coming into effect of his resignation or expiry of his term of office, a Director shall complete his hand-over procedures with the Board of Directors. The fiduciary duties of a Director to the Company and the shareholders do not necessarily cease upon termination of his term of office.



**Article 144** No Directors shall act, in their personal capacity, on behalf of the Company or the Board in contravention of provisions of this Articles of Association or without appropriate authorization by the Board. The Director(s) shall, when acting in his personal capacity, state his standings and identities in advance if a third party has reasons to believe that the said Director is acting on behalf of the Company or the Board.

**Article 145** A Director who causes the Company to sustain a loss as a result of a violation of laws, administrative regulations, departmental rules or this Articles of Association during the performance of his duties shall be liable for the damages.

**Article 146** Independent Directors shall comply with the relevant requirements of laws, administrative regulations and department rules.

## **Section 2 Board of Directors**

**Article 147** The Board of Directors established by the Company shall be responsible to the shareholders' general meeting.

**Article 148** The Board of Directors shall be composed of 13 Directors and shall have one (1) chairman and five (5) independent directors. One (1) vice chairman can be appointed.

**Article 149** The Board of Directors exercises the following functions and powers:

- (1) to convene the shareholders' general meeting and to report on its work to the shareholders in general meetings;
- (2) to implement the resolutions adopted by the shareholders in general meetings;
- (3) to determine the Company's business plans and investment proposals;
- (4) to formulate the Company's preliminary and final annual financial budgets;
- (5) to formulate the Company's profit distribution proposal and loss recovery proposal;

- (6) to formulate proposals for the increase or reduction of the Company's registered capital and for the issuance of the Company's debentures or other securities and listing;
- (7) to formulate plans for important mergers and acquisition of the shares of the Company, consolidation, division, dissolution or change of the form of the Company;
- (8) to determine, to the extent authorized by the shareholders' general meeting, on such matters as the external investments, purchase or sale of assets, assets pledge, external guarantee, entrusted banking and connected transactions of the Company;
- (9) to decide on the Company's internal management structure;
- (10) to appoint or remove the Company's manager or secretary to the board, and, based on the recommendations of the manager, to appoint or remove the vice manager(s) and other senior officers such as CFO and decide on their remuneration;
- (11) to formulate the Company's basic management system;
- (12) to formulate proposals for any amendment of the Articles of Association;
- (13) to manage the information disclosure of the Company;
- (14) to propose to the shareholders' general meeting for employment or replacement of the accountancy firm that does auditing for the Company;
- (15) to hear reporting from the Company's manager and inspect the performance of the manager;
- (16) to exercise any other powers conferred by the laws, administrative regulations, department rules or the Articles of Association.

Other than the Board of Directors' resolutions in respect of the matters specified in items (6), (7) and (12) of this Article which shall be passed by the affirmative vote of more than two-thirds of all Directors as provided by laws, administrative regulations and the Company's Articles of Association, the Board of Directors' resolutions in respect of all other matters may be passed by the affirmative vote of a simple majority of all the Directors.

**Article 150** The Board of Directors of the Company shall give explanation in connection with the non-standard audit opinion issued by the registered accountant on the financial report of the Company at the shareholders' general meeting.

**Article 151** The Board of Directors shall formulate the procedural rules to be followed at meetings of the Board of Directors, so as to ensure the Board of Directors fulfill resolutions adopted at the shareholders' general meeting, improve working efficiency and ensure scientific decision making.

The Board of Directors shall determine the extent of authority for external investments, establish strict examination and decision-making procedures, organize related experts and professionals to make assessment in case of significant investment project and report the result thereof to the shareholders' general meeting for approval.

The Board of Directors shall have the right to decide on individual foreign investment projects not exceeding 30% (including 30%) of the net assets of the Company and the right to decide on individual loans and guarantees not exceeding 30% (including 30%) of the net assets of the Company, except those for which approval of the shareholders' general meeting is required under laws, regulations and relevant provisions of the securities regulatory authorities or the stock exchanges in the place where the Company's shares are listed.

**Article 152** The chairman and vice-chairman of the Board of Directors shall be the Directors of the Company. The election and removal of the chairman of the Board of Directors shall be adopted by more than 2/3 of all the Directors. The election and removal of the vice-chairman shall be approved by majority of all the members of the Board of Directors.

**Article 153** The chairman of the Board of Directors shall exercise the following powers:

- (1) to preside over shareholders' general meetings and to convene and preside over meetings of the Board of Directors;
- (2) to urge and check on the implementation of resolutions passed by the Board of Directors;
- (3) to sign important documents of the Board of Directors and other documents that shall be signed by the legal representative of the Company;
- (4) to exercise the powers of the legal representative;
- (5) in case of emergency of catastrophic natural disasters and other force majeure events, exercise the special right of disposal over the Company's affairs that are in accordance with the requirements of laws and interests of the Company, and report to the Board of Directors and the general meeting afterwards;
- (6) to exercise other powers conferred by the Board of Directors.

If the chairman of the Board of Directors is unable to perform his duties, he can assign the vice chairman to exercise his powers.

**Article 154** The vice chairman of the Board of Directors shall assist works of the chairman. If the chairman of the Board of Directors is unable or fails to perform his duties, the vice chairman shall perform such duties(if there are 2 or more than 2 vice chairmen, a vice chairman of the Board of Directors nominated by more than half of the Directors shall perform such duties); if the vice chairman of the Board of Directors is unable or fails to perform his duties, a Director nominated by more than half of the Directors shall perform such duties.

**Article 155** The meetings of the Board of Directors shall be divided into regular meetings and extraordinary meetings. Regular meetings shall be held at least four (4) times each year (at approximately quarterly interval). Regular meetings shall be convened by the Chairman by serving a notice to all Directors and supervisors at least fourteen (14) days before the proposed date of the meeting.

**Article 156** Where it is under any of the following circumstances, the chairman of the Board of Directors shall, within 10 days after receiving the proposal, convene an extraordinary meeting of the Board of Directors:

- (1) When the chairman of the Board of Directors considers it necessary to hold a meeting;
- (2) When 1/3 or more directors jointly put forward a motion;
- (3) When the Supervisory Committee puts forward a motion;
- (4) When the manager puts forward a motion;
- (5) When 1/2 or more independent directors put forward a motion;
- (6) When the shareholders that represent 1/10 or more of the voting rights put forward a motion.

When the department in charge of managing securities matters temporarily proposes to Board of Directors to resolve on certain matters, the chairman of the Board of Directors may convene extraordinary meeting of the Board of Directors.

**Article 157** Notice of extraordinary meetings of the Board of Directors shall be delivered by written notice. Deadline for serving the notice is at least 10 working days in advance.

**Article 158** A written notice on the meeting of the Board of Directors shall include:

- (1) the time and place of the meeting;
- (2) the duration of the meeting;
- (3) particulars of a matter and the matters to be discussed;
- (4) the date when the notice is given.

**Article 159** The meeting of the Board of Directors can only be convened when more than half of the Directors attend. Each Director shall have one (1) vote. An ordinary resolution of the Board of directors shall be passed by more than half of the members of the Board of Directors. Special resolutions of the Board of Directors and those under Article 149 of the Articles of Association shall be passed by more than two thirds of all Directors.

Where there is an equality of votes cast both for and against a resolution, the chairman of the Board of Directors shall have another casting vote.

**Article 160** The following matters to be considered by the Board of Directors shall be subject to special resolution:

- (1) the consolidation, division, dissolution, liquidation of the Company and change of the form of the Company;
- (2) the amendment to the Articles of Association;
- (3) election and removal of the Director;
- (4) any other matter considered as required by laws or regulations, provisions of the Articles of Association and provided for in the rules of procedure of the Board of Directors.

**Article 161** The Board of Directors shall not, without the prior approval of shareholders in a general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate of the amount of the expected consideration for the proposed disposition, and the proceeds from any such disposition of any fixed assets of the Company that has been completed in the period of four (4) months immediately preceding the proposed disposition exceeds 33% of the value of the Company's fixed assets as shown in the latest balance sheet which was approved at a shareholders' general meeting.

For the purposes of this Article, "disposition" includes an act involving the transfer of an interest in assets but does not include the usage of fixed assets for the provision of security.

The validity of a disposition by the Company shall not be affected by any breach of the first paragraph of this Article.

For requirement above otherwise provided by laws, administrative regulations, relevant provisions of securities regulatory authority where the shares of the Company are issued, those provisions shall be followed.

**Article 162** The Director of the Company affiliated with the enterprise involved in the matters discussed by the Board of Directors shall not exercise his own, or represent other Directors to exercise voting right for such matters. The meeting of the Board of Directors may be held once more than half of the unaffiliated Directors will be present. The resolution made by the meeting of the board shall be adopted by more than half of all such Directors. Where there are not more than three (3) unaffiliated Directors present, the relevant matters shall be forwarded to the shareholders' general meeting for deliberation.

**Article 163** Resolutions to be adopted at the meeting of the Board of Directors shall be voted by open ballot. Each Director shall have one (1) vote.

Extraordinary meeting of the board of Directors may, under the premise that Directors will be guaranteed to have their opinions fully and thoroughly expressed, be conducted via facsimile and resolutions may be passed thereat, and Directors present shall sign.

**Article 164** The Directors shall attend in person the meetings of the Board of Directors. Where any Director is unable to attend the meeting for a certain reason, he may, by issuing a written power of attorney on which he will sign or seal, entrust another Director to attend the meeting on his behalf, and the name of such Director entrusted, the matters entrusted, the scope of authorization and the valid period shall be stated in the power of attorney. A Director appointed as a representative of another Director to attend the meeting shall exercise the rights of a Director within the scope of authority conferred by the appointing Director. Where a Director is unable to attend a meeting of the Board of Directors, and has not appointed a representative to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

**Article 165** The Board of Directors shall prepare minutes regarding the resolutions on the matters discussed at the meeting, which shall be signed by the Directors in presence. The Directors shall be liable for the resolutions of the Board of Directors. If a resolution of the Board of Directors violates the law, administrative regulation or the Articles of Association, and the Company suffers serious losses as a result thereof, the Directors who participated in the passing of such resolution shall compensate the Company therefor. However, if it can be proven that a Director expressly objected to the resolution when the resolution was being voted, and that such objection was recorded in the minutes of the meeting, such Director shall be released from such liability.

Directors present shall have the right to request explanatory remarks on their speech at the meeting to be written down in minutes. The minutes of meetings of the Board of Directors shall be kept as archives of the Company for ten (10) years.

**Article 166** The minutes of meetings of the Board of Directors shall include:

- (1) time and place of the meeting and name of the convener;
- (2) name of Directors present at meeting and name of Director (agent) appointed to present at the meeting of the Board of Directors on behalf of others;
- (3) agenda;
- (4) essentials of speeches delivered by Directors;
- (5) way of voting and result thereof with respect of each matter to be deliberated (the number of votes for, against or waiver shall be stated in the voting result).



### **Section 3 Secretary to the Board**

**Article 167** The Company have a secretary to the Board of Directors. The secretary to the Board of Directors is a senior officer of the Company and is accountable for the Board of Directors.

**Article 168** Secretary to the Board of Directors shall have the requisite professional knowledge and experiences, who is appointed by the Board of Directors. The secretary to the Board of Directors shall comply with the Articles of Association, assume related legal liabilities to be borne by a senior officer of the Company, have the obligation of good faith and due diligence to the Company and shall not seek illegitimate benefits for himself/herself or others by using his/her powers and position.

**Article 169** The responsibilities of the secretary to the Board of Directors are to:

- (1) ensure the Company to keep complete organizational documents and records;
- (2) ensure that the Company prepare and deliver, in accordance with law, the reports and documents required by competent authorities;
- (3) ensure proper establishment of the register of shareholders of the Company, and ensure persons entitled to obtain related records and documents of the Company timely obtain such records and documents;
- (4) prepare meetings of the Board of Directors and shareholders' general meetings, responsible for the minutes of the meetings and the custody of documents and minutes of the meetings;
- (5) administer the information disclosure matters of the Company, urge the Company to develop and implement a system of information disclosure and an internal reporting system of material information in order to facilitate the Company and the related parties in carrying out their information disclosure obligations according to the relevant laws, and do regular disclosure and periodic reports of the Company in accordance with relevant regulations so as to ensure timely, accurate, legal, truthful and complete information disclosure of the Company;

- (6) responsible for the management of investor relationship, establish a sound investor relations management system, coordinate the relationship between the Company and investors, receive investor consultation, and provide investors with the information disclosed by the company;
- (7) provide consultation or suggestions for major decisions of the Company;
- (8) administer the confidentiality of the disclosure of information, formulate security measures, when inside information is disclosed, timely take remedial measures to explain and clarify, timely report to Shanghai Stock Exchange and China Securities Regulatory Commission;
- (9) remind Directors to be diligent, prompt the Board of Directors to legally perform its functions and powers, ensure the Company operating normally;
- (10) other powers conferred by the Articles of Association and the listing rules of stock exchanges where the shares of the Company are listed.

**Article 170** A Director or other senior officer of the Company may also act as the secretary to the Board of Directors. No accountant of the accounting firm or attorney of law firm engaged by the Company shall concurrently serve as the secretary to the Board.

**Article 171** The secretary of the Board of Directors shall be nominated by the Chairman of the Board of Directors and appointed or removed by the Board of Directors. Where a director concurrently serves as the secretary to the Board and a certain act needs to be done by directors and the secretary to the Board respectively, he shall not do the act in his double capacities.

## CHAPTER 6 MANAGER AND OTHER SENIOR OFFICERS

**Article 172** The Company shall have one (1) manager, a number of vice manager, who shall be appointed or dismissed by the Board of Directors.

Vice manager, secretary to the Board of Directors and Chief Financial Officer shall serve as senior officers of the Company.

The provisions of Article 139 of the Articles of Association concerning loyalty to directors and the provisions of Articles 140 (4) to (6) on diligence shall be applicable to managers and other senior officers.

**Article 173** A person holding other duties other than directorship in any entity of the Company's controlling shareholders and de facto controllers shall not hold the office of the manager and other senior officer of the Company.

**Article 174** The term of office of the manager shall be three (3) years and may serve consecutive terms if re-appointed.

**Article 175** The manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

- (1) to be in charge of the Company's production, operation and management, and to organize the implementation of the resolutions of the Board of Directors and report on works to the Board of Directors;
- (2) to organize the implementation of the Company's annual business plan and investment proposals;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to formulate basic rules and regulations for the Company;
- (6) to propose the appointment or dismissal by the Board of Directors of the Company's vice manager and Chief Financial Officer;

- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (8) to working out regulations for the salary, welfare, rewards and punishments concerning to the Company's employees and to decide on the hiring or dismissing of the Company's employees;
- (9) the manager has the right to decide not to exceed 20% (inclusive) of the net assets of the Company's single foreign investment projects, the right to decide the individual amount of less than RMB1 billion (inclusive) of bank loans. The above matters shall be conducted in accordance with the decision-making process developed by the Company, but not including foreign investment projects that need to be examined and approved by the general meeting of shareholders according to the laws, regulations, regulatory documents and the relevant provisions of the securities regulatory authorities and stock exchanges where the shares of the company are listed;
- (10) other powers conferred by the Articles of Association or the Board of Directors.

The manager shall attend meetings of the Board of Directors. A manager who is not a Director shall not have any voting rights at board meetings.

**Article 176** The manager shall formulate working rules of the manager, which shall be implemented after being approved by the Board of Directors.

**Article 177** Working rules of the manager are as follows:

- (1) specifying conditions, procedure and participants of the manager's meeting;
- (2) responsibilities and work allocation of the manager and other senior officers of the Company;
- (3) use of funds and assets of the Company, scope of authorization to enter into contracts and reporting policies regarding the Board of Directors and the Supervisory Committee;
- (4) other matters which the Board of Directors deems necessary.

**Article 178** The manager may resign before expiry of his term of office. The specific procedures and methods for the resignation of the manager shall be specified in the employment contract entered into by the manager and the Company.

**Article 179** The manager and other senior officer shall be liable for any losses caused to the Company by their breach of any law, regulation, rule or Articles of Association in performing their duties on behalf of the Company.

## **CHAPTER 7 SUPERVISORY COMMITTEE**

### **Section 1 Supervisors**

**Article 180** The Directors, manager and other senior officers of the Company shall not act concurrently as supervisors.

**Article 181** The supervisors shall observe laws, administrative regulations and the Articles of Association. They shall shoulder the duties of loyalty and due diligence to the Company, and shall not accept any bribery or other illegal income by using his powers and position, or seize the assets of the Company in any manner.

**Article 182** Each supervisor shall serve for a term of three (3) years and may serve consecutive terms if re-elected.

**Article 183** If the number of members of the Supervisory Committee falls below the statutory number due to a failure to timely elect a supervisor upon expiration of a supervisor's term of office or due to the resignation of a supervisor during his or her term of office, the incumbent supervisor shall continue to perform his or her duties as supervisor in accordance with laws, administrative regulations and Articles of Association until the incoming supervisor takes up his or her position.

**Article 184** A supervisor shall ensure that information disclosed by the Company is true, accurate and complete.

**Article 185** Supervisors shall attend meetings of the Board of Directors and may raise queries or suggestions regarding matters discussed at such meetings.

**Article 186** A supervisor may not use his or her connected relationships to harm the interests of the Company and shall be liable for damages if the Company suffers loss as a result thereof.

**Article 187** If a supervisor violates laws, administrative regulations, department rules or the Articles of Association when performing his/her duties in the Company, such supervisor shall indemnify the Company against losses incurred due to such violation.

## **Section 2 Supervisory Committee**

**Article 188** The Company shall have a Supervisory Committee. The Supervisory Committee shall be composed of three (3) supervisors. One of the members of the Supervisory Committee shall act as the chairman and one can be the vice chairman. Each supervisor shall serve for a term of three (3) years and may serve consecutive terms if re-elected.

The election or removal of the chairman of the Supervisory Committee shall be determined by two-thirds or more of the members of the Supervisory Committee. Vice chairman shall be elected by half of the members of the Supervisory Committee.

The meetings of the Supervisory Committee convened by the chairman of Supervisory Committee shall be presided over and chaired by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his/her duties, he/she should appoint one supervisor to convene and chair the meeting. If the chairman did not appoint any one, such meeting shall be convened and presided over by a supervisor nominated by more than half of the supervisors.

The Supervisory Committee shall comprise supervisors who represent the shareholders and a proper proportion of supervisors who represent the employees, and the proportion accounted for by the later shall be 1/3 or more. Shareholders' representatives shall be elected and dismissed by the shareholders' general meeting. The supervisors who represent the employees shall be democratically elected and removed by employees of the Company via the workers conference, general membership meeting or other means.

**Article 189** The Supervisory Committee shall be accountable to the shareholders in a general meeting, and shall exercise the following functions and powers :

- (1) examine regular reports prepared by the Board of Directors and propose written examination suggestions;
- (2) to review the Company's financial position;

- (3) to supervise the Directors and senior officers' acts of violation of any laws, administrative regulations and the Articles of Association when performing their duties of the Company;
- (4) to demand any Director or senior officer who acts in a manner which is harmful to the Company's interest to rectify such behavior;
- (5) to check the financial information, such as the financial report, business report and plans for distribution of profits to be submitted by the Board of Directors to the shareholders' general meetings, and to authorize in the Company's name, public certified accountants and licensed auditors to assist in the re-examination of such information, should any doubt arise in respect thereof;
- (6) to propose to convene an extraordinary general meeting;
- (7) to submit proposals to shareholders' general meetings;
- (8) to represent the Company in negotiations with, or to initiate legal proceedings against any Director or senior officer according to the Company Law;
- (9) to identify unusual operation of the Company and to engage an accountancy firm, a law firm or any professional organization to investigate when necessary at the cost of the Company;
- (10) other functions and powers as provided by the Articles of Association.

Supervisors shall attend Board meetings.

**Article 190** Meetings of the Supervisory Committee shall be held at least once every six (6) months. The supervisory may propose to convene an extraordinary meeting of the Supervisory Committee.

**Article 191** A resolution of the Supervisory Committee must be passed by two thirds or more of the members of the Supervisory Committee. The Supervisory Committee shall formulate procedural rules to be followed at meetings of the Supervisory Committee, specify the method for conducting business and the voting procedures of the Supervisory Committee, so as to ensure the working efficiency and scientific decision-marking of the Supervisory Committee.



**Article 192** The Supervisory Committee shall record all matters considered at the meeting into the meeting minutes. Participating supervisors shall sign the meeting minutes for confirmation.

Each supervisor shall have the right to request for an explanation of his/her comments made at the meetings to be noted in the minutes. Such minutes shall be kept by the secretary to the Board of Directors as records of the Company for ten (10) years.

**Article 193** Notice of the meeting of the Supervisory Committee shall include:

- (1) the date, place and duration of the meeting;
- (2) particulars of a matter and the matters to be discussed;
- (3) the date when the notice is given.

#### **CHAPTER 8 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS AND SENIOR OFFICERS OF THE COMPANY**

**Article 194** No one shall be a Director, supervisor, manager or other senior officer of the Company if subject to any of the following circumstances:

- (1) being without civil capacity or having limited civil capacity;
- (2) having been penalized or sentenced due to an offence of corruption, bribery, encroachment on property, misappropriation of property or disruption of the socialist market economy, or having been deprived of political rights due to the committing of any crime, and in each case, five (5) years not having elapsed since the completion of the relevant penalty, sentence or deprivation;
- (3) having been a former Director, factory director or manager of a company or enterprise which had been bankrupt and liquidated whereby such person was personally liable for the bankruptcy of such company or enterprise, and three (3) years not having elapsed since the date of completion of the liquidation of the company or enterprise;
- (4) having been the legal representative of a company or enterprise whose business license was revoked due to violation of laws whereby such person was personally liable, and three (3) years not having elapsed since the date of revocation of the business license of the company or enterprise;



- (5) being a debtor personally liable for a relatively large debt which has not been paid as it fell due;
- (6) having been banned from entering the market by financial regulators, and five (5) years not having elapsed since the last date of the ban;
- (7) having been subject to an investigation by judicial authorities for criminal offences, and such investigation not having come to an end;
- (8) being banned from being senior officer of enterprises by laws and regulations;
- (9) being a non-natural person;
- (10) having been adjudged by the relevant competent authorities of violations of relevant securities laws which involves fraud or dishonesty, and five (5) years not having elapsed since the date of the judgment;
- (11) such other matters of law, administrative regulations or departmental rules and regulations.

If the election or appointment of a Director, supervisor, manager and other senior officer, violates the provisions of the Articles of Association, such election, appointment or engagement shall be deemed invalid. Where a circumstance prescribed in this article occurs during the term of office of a Director, supervisor, manager and other senior officer, the Company shall remove such person.

**Article 195** The validity of an act carried out by a Director, manager or senior officer of the Company on its behalf, as against a bona fide third party, shall not be affected by any non-compliance in his/her office, election or any defect in his qualification.

**Article 196** In addition to the obligations imposed by laws, administrative regulations or the listing rules of the securities exchange on which shares of the Company are listed, each of the Company's Directors, supervisors, manager and other senior officers owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him/her:

- (1) not to cause the Company to exceed the scope of business stipulated in its business license;

- (2) to act honestly and in the best interests of the Company;
- (3) not to expropriate the Company's property in any way, including (without limitation) any opportunities which benefit the Company;
- (4) not to expropriate the individual rights of shareholders, including (without limitation) rights to distributions and voting rights, save and except pursuant to a restructuring of the Company which has been submitted to the shareholders for approval in accordance with the Articles of Association.

**Article 197** Each of the Company's Directors, supervisors, manager and other senior officers owes a duty, in the exercise of his powers and in the discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Article 198** The Company's directors, supervisors, manager and other senior officer must, in the performance of their duties and responsibilities, abide by the fiduciary principle and shall not place themselves in a position where their personal interests and their duties may conflict. This principle shall include but not be limited to the fulfillment of the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his/her powers and not to exceed those authorizations;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by the laws, administrative regulations or with the consent of informed shareholders at a general meeting, not to delegate the exercise of his/her discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except otherwise stipulated by the Articles of Association or otherwise consented by informed shareholders at a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the consent of informed shareholders at a general meeting, not to use the Company's property by any means for his/her own benefits;

- (7) not to exploit his/her position to accept bribes or other illegal income or expropriate the Company's property by any means, including but not limited to opportunities advantageous to the Company;
- (8) without the consent of informed shareholders at a general meeting, not to accept commissions in connection with any of the Company's transactions;
- (9) to abide by the Articles of Association, perform his/her official duties faithfully and protect the Company's interests, and not to exploit his position and power in the Company to advance his/her own private benefits;
- (10) not to compete with the Company in any way unless with the consent of informed shareholders at a general meeting;
- (11) not to misappropriate the Company's funds or lend such funds to others in violation of relevant rules, not to open accounts in his own name or other names for the deposit of the Company's assets and not to provide a guarantee for the personal debts of a shareholder of the Company or other individual(s) with the Company's assets in violation of relevant rules;
- (12) without the consent of informed shareholders at a general meeting, not to disclose any confidential information related to the Company acquired by him during his tenure and not to use the information other than in furtherance of the interests of the Company, save and except that disclosure of such information to the court of law or other competent governmental authorities is permitted if:
  1. disclosure is required by the laws;
  2. disclosure is required in the interests of the public;
  3. disclosure is required in the interests of the relevant director(s), supervisor(s), manager(s) and other senior officers.

**Article 199** Each director, supervisor, manager and any other senior officers of the Company shall not cause the following persons or institutions ("associates") to do what he is prohibited from doing:

- (1) the spouse or minor children of the director(s), supervisor(s), manager(s) and other senior officers of the Company;

- (2) a trustee of the director(s), supervisor(s), manager(s) and other senior officers of the Company or any person(s) referred to in sub-clause (1) of this Article;
- (3) a partner of the director(s), supervisor(s), manager(s) and other senior officers of the Company or any person(s) referred to in sub-clauses (1) and (2) of this Article;
- (4) a company actually and solely controlled by the director(s), supervisor(s), manager(s) and other senior officers, or a company actually and jointly controlled by the person(s) referred to in sub-clauses (1), (2) and (3) of this Article or other director(s), supervisor(s), manager(s) and other senior officers of the Company;
- (5) the director(s), supervisor(s), manager(s) and other senior officers of the controlled entities referred to in sub-clause (4) of this Article.

**Article 200** The fiduciary duties of each director, supervisor, manager and other senior officers of the Company shall not be necessarily ceased with the termination of his tenure. The duty of confidentiality in relation to the trade secrets of the Company shall remain valid upon termination of his tenure. Other duties may continue for such period as the principle of fairness may require depending on the time lapses between the termination and the act concerned and the circumstances and conditions under which the relationship between him and the Company is terminated.

**Article 201** Except for the circumstances prescribed in Article 64 hereof or otherwise provided by the laws and administrative regulations, each director, supervisor, manager and any other senior officers of the Company may be relieved of liability for specific breaches of his duties by the consent of informed shareholders at a general meeting.

**Article 202** Where a director, supervisor, manager and any other senior officers of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement that have been concluded or are proposed to be concluded with the Company (other than an employment contract between the Company and each director, supervisor, manager and any other senior officers), he shall declare the nature and extent of his interests to the Board of Directors at the earliest opportunity, whether or not the relevant issues shall be subject to approval of the Board of Directors under normal circumstance.

Save for the exceptions as provided in note 1 of the appendix 3 of the Hong Kong Listing Rules or as permitted by the SEHK, director(s) shall not vote on resolutions of the Board of Directors in respect of any contract, arrangement or any other suggestion in which they are materially interested through themselves or any of their associates (as defined in the Hong Kong Listing Rules). When determining whether the quorum is reached, such director(s) shall not be counted.

Unless an interested director, supervisor, manager and other senior officers of the Company disclose his interests to the Board of Directors in accordance with the preceding paragraphs of this Article and the Board of Directors has approved the same in meeting in which he has not been counted in the quorum and has abstained from voting. The Company shall have the right to revoke such contract, transaction or arrangement, except as against a bona fide party thereto acting without being aware of the breach of duty by the interested director, supervisor, manager or other senior officers.

If any associate(s) of the director(s), supervisor(s), manager and other senior officers of the Company is interested in a contract, transaction or arrangement, the relevant director(s), supervisor(s), manager(s) and other senior officers shall be deemed to be interested in the same.

**Article 203** Where a director, supervisor, manager and other senior officers of the Company gives to the Board of Directors before the Company's first consideration of formulation of any contract, transaction or arrangement, a notice in writing stating that, by reason of the facts specified in the notice, he is interested in such contracts, transactions or arrangements to be made by the Company subsequently, the director, supervisor, manager and other senior officers shall be deemed to have made such disclosure as stipulated in the preceding Article of this Chapter to the extent as stated in the notice.

**Article 204** The Company shall not in any manner pay taxes for or on behalf of its director(s), supervisor(s), manager(s) and any other senior officers.

**Article 205** The Company shall neither directly or indirectly make a loan to or provide any loan guarantee to the director(s), supervisor(s), manager(s) and other senior officers of the Company or of its parent company, nor make a loan to or provide any loan guarantee in connection thereto to any of their respective associates. The provisions of the preceding paragraph shall not be applicable to the following circumstances:

- (1) the provision by the Company of a loan or a loan guarantee to its subsidiaries;

- (2) the provision by the Company of a loan or a loan guarantee or any other funds to a director, supervisor, manager and other senior officers of the Company to meet expenditures incurred by him for the purposes of the Company or for the purpose of fulfilling his duties, in accordance with the employment contract approved at a general meeting;
- (3) the provision by the Company of a loan or a loan guarantee to any of the relevant director(s), supervisor(s), manager and other senior officers and their respective associates in the ordinary course of its business, provided that the conditions for the provision of loan or loan guarantee shall be on normal commercial terms.

**Article 206** A loan made by the Company in breach of the preceding Article shall be forthwith repayable by the recipient of the loan regardless of the conditions of the loan.

**Article 207** A loan guarantee provided by the Company in breach of sub-clause 1 of Article 205 shall not be enforceable against the Company, unless:

- (1) the lender was not aware of the loan provided to an associate of the directors(s), supervisors(s), manager(s) and other senior officers of the Company or of its parent company;
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 208** For the purpose of the preceding Article of this Chapter, a guarantee shall include an undertaking by the guarantor or the provision of property to secure the performance of obligations by the obligor.

**Article 209** In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, manager and other senior officers of the Company is in breach of his duties to the Company, the Company shall have a right to:

- (1) claim damages from the relevant director(s), supervisor(s), manager(s) and other senior officers in compensation for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the relevant director(s), supervisor(s), manager(s) and other senior officers or with a third party (where such third party knows or should know that there is such a breach of obligations by such a director(s), supervisor(s), manager(s) and other senior officers representing the Company);

- (3) demand an account of the profits made by the relevant director(s), supervisor(s), manager(s) and other senior officers in breach of his obligations;
- (4) recover any monies received by the relevant director(s), supervisor(s), manager(s) and other senior officers which should otherwise have been received by the Company, including but not limited to commissions;
- (5) request the relevant director(s), supervisor(s), manager(s) and other senior officers to return the interests accrued or may be accrued on the monies which otherwise should have been paid to the Company.

**Article 210** The Company shall enter into contracts in writing with each director and supervisor in relation to their emoluments, subject to prior approval at a general meeting, which should at least include the following provisions:

- (1) the director(s), supervisor(s) and senior officers undertake(s) to the Company that they will comply with the Company Law, Special Regulations, these Articles of Association, Hong Kong Codes on Takeovers and Mergers and Share Repurchases, Hong Kong Code on Share Repurchases and other rules formulated by the SEHK and agree that the Company may enjoy the remedy as provided in these Articles of Association. The contracts and their positions may not be assigned;
- (2) the directors(s), supervisors(s) and senior officers undertake(s) to the Company that they will comply with and perform their duties to the shareholders according to these Articles of Association;
- (3) the arbitration provisions in Article 268 of these Articles of Association.

The aforesaid emoluments shall include:

- (1) the emoluments for acting as a director, supervisor or senior officer of the Company;
- (2) the emoluments for acting as a director, supervisor or senior officer of any subsidiary of the Company;
- (3) the emoluments in respect of the provision of other services in connection with the management of the Company and any of its subsidiaries;



- (4) the payment to such a director or supervisor for compensation for his loss of office, or retirement. Except under a contract entered into in accordance with the foregoing paragraph, no proceedings may be brought by a director or supervisor against the Company for any benefits due to him in respect of the matters mentioned in this Article.

**Article 211** The contract concerning the emoluments between the Company and its director(s) or supervisor(s) should provide that in the event of a takeover of the Company, the Company's director(s) and supervisor(s) shall, subject to prior approval at a general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. A takeover of the Company referred to of the preceding paragraph means any of the following circumstances:

- (1) a takeover offer made by any person to all the shareholders;
- (2) a takeover offer made by any person with a view to have the offerer becoming a controlling shareholder, which shall have the same meaning as ascribed to it in Article 65 of the Articles of Association.

Where the relevant director(s) or supervisor(s) is in breach of this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of the acceptance of the said offer. The expenses incurred in distributing that sum pro rata shall be borne by the relevant director(s) or supervisor(s) and shall not be deductible from that sum.

## **CHAPTER 9 FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDIT**

### **Section 1 Financial and Accounting Systems**

**Article 212** The Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and the provisions of relevant state departments.

**Article 213** At the end of each accounting year, the Company shall prepare a financial report, which shall be reviewed and verified in accordance with laws.



**Article 214** The Company shall submit its annual financial accounting reports to China Securities Regulatory Commission and the stock exchange(s) within 4 months from the ending date of each accounting year, its interim financial accounting reports to the local office of China Securities Regulatory Commission and the stock exchange(s) within 2 months from the ending date of the first 6 months of each accounting year, and the quarterly financial accounting reports to the local office of China Securities Regulatory Commission and the stock exchange(s) within 1 month from the ending dates of the first 3 and first 9 months of each accounting year respectively.

The aforementioned financial accounting reports shall be prepared in accordance with relevant laws, administrative regulations as well as the departmental rules, and announced according to the requirement of the securities regulatory authority of the place which the Company's shares listed.

**Article 215** The Board of Directors of the Company shall, at each annual general meeting, submit to shareholders the financial reports prepared by the Company in accordance with the provisions for normative documents which are promulgated by the relevant laws, administrative regulations and local governments and departmental authorities.

**Article 216** The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of each annual general meeting. Each shareholder shall be entitled to an access of a copy of the financial reports referred to in this Chapter. Save as otherwise specified in the Articles of Association, the Company shall, at least 21 days before the annual general meeting, send by personal delivery or prepaid mail or by the method permitted by the stock exchange where the shares of the Company are listed the said reports or the reports of the Board of Directors together with balance sheet (including every document required by laws and regulations to be annexed thereto), income statement or statement of income and expenditure, to all holders of overseas-listed foreign shares at the address registered in the shareholders' register. The financial report of the Company shall be prepared in accordance with PRC accounting standards and legal regulations, and shall also be prepared in accordance with international accounting standards or the accounting standards of the place of overseas listing. If there are any material discrepancies in the financial report prepared in accordance with the two sets of accounting standards, such discrepancies shall be expressly stated in the notes to the financial report. For the purpose of the distribution of profit after taxation of the Company for the relevant accounting year, the lesser amount of profit after taxation stated in the said two financial report shall prevail.

**Article 217** Any interim results or financial information published or disclosed by the Company must also be prepared in accordance with the PRC accounting standards and regulations, and also in accordance with either the international accounting standards or those of the overseas location where the shares of the Company are listed.

**Article 218** The Company shall publish two financial reports in each accounting year, meaning that the interim financial reports shall be published within 60 days after the first six months of the accounting year and the annual financial reports shall be published within 120 days after the expiration of the accounting year.

**Article 219** The Company shall not keep accounts other than those provided for by the laws. It is not allowed to open an account to deposit the Company's property in the name of any individual.

**Article 220** When allocating the profit after taxation of the current year, the Company shall allocate 10% of its profit to the statutory common reserve fund. In the event that the accumulated statutory common reserve fund of the Company has reached more than 50% of the registered capital of the Company, no allocation is needed.

In the event that the statutory common reserve fund of the Company is insufficient to make up for the losses of the Company on the previous year, before allocating the statutory common reserve fund in accordance with the stipulations of the previous paragraph, the Company shall first make up for the losses by using the profits of the current year.

After allocating the statutory common reserve fund from the profit after taxation of the Company, the Company can allocate the arbitrary common reserve fund from the profit after taxation according to the resolution of shareholders' general meeting.

The outstanding profit after taxation of the Company, after covering the losses and making allocation to the common reserve fund, shall be distributed to the shareholders in accordance with their proportion of shareholdings.

If the general meeting, in violation to the provisions of the previous paragraphs, distributes profit shareholders before covering the losses and making allocation to statutory common reserve fund, the shareholders shall return such distributed profits to the Company.

The shares held by the Company shall not be involved in the profit distribution.

**Article 221** The common reserve fund of the Company shall be used to cover the Company's losses, expand its production and operation, or be converted to increase the Company's capital. However, the capital common reserve fund shall not be used to cover losses of the Company.

When capitalizing the statutory common reserve fund, the balance of such common reserve fund shall not be less than 25% of the registered capital of the Company before the conversion.

Capital common reserve fund includes the following items:

- (1) premium from the issuance of shares in excess of the par value;
- (2) any other income designated for the capital common reserve fund by the regulations of the competent financial authority of the State Council.

**Article 222** After the resolution on profit distribution plan has been adopted at the shareholders' general meeting of the Company, the Board of Directors of the Company shall complete the distribution of dividends (or shares) within two months from the convening of the shareholders' general meeting.

**Article 223** The Company's profit distribution policy are as follows:

- (1) Principle of profit distribution: The profit distribution of the Company shall focus on the reasonable investment return of the investors. The Company shall determine the reasonable profit distribution plan in accordance with the current operation conditions and the capital requirement plan of project investment and maintain a continuous and stable profit distribution policy. The Company's profit distribution shall not exceed the range of the accumulated distributable profits nor harm the ability of the Company to operate and develop in a sustainable manner.
- (2) Contents of the Company's profit distribution:

Profit of the Company can be distributed by cash, stock or a combination of cash and stock, with priority over cash dividends.

(3) Adjustment to profit distribution:

If the Company is required to make adjustments to the profit distribution policy in line with its production and operation, investment plans, and long term development demands, the adjusted profit distribution policy shall not violate the relevant regulations of the CSRC and Shanghai Stock Exchange. A resolution regarding the adjustments to the profit distribution policy, upon seeking the opinions of independent directors and supervisory committee in advance, shall perform respective decision-making procedure and shall be approved by the shareholders by an affirmative vote of two-thirds or more of all shareholders attending the general meeting.

(4) Decision-making procedure that profit distribution shall perform:

1. When formulating the profit distribution proposal, the Board of Directors shall take the initiative to communicate and exchange with shareholders especially with minority shareholders through multiply channel, fully listen to their opinions and demands, and timely respond to the issues that minority shareholders concerned.
2. When considering the profit distribution proposal, the Board of Directors shall carefully consider and deliberate the timing, conditions, and minimum percentage, etc. of the distribution of cash dividend by the Company, and independent director shall express their clear opinions and fully listen to the opinions of the supervisory committee thereon.

**Article 224** Any amount paid up by shareholders in advance of calls on any shares may carry interest but the holder of such shares shall not be entitled to any interest in a dividend subsequently declared for advanced payment.

Subject to the PRC laws, the Company may forfeit unclaimed dividends upon the expiration of applicable validity period.

The Company shall have the power to cease sending dividend warrants by post to any holder of overseas-listed foreign shares, provided that the Company will not exercise such power until such warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

The Company has the power to sell the shares of a holder of overseas-listed foreign shares who is untraceable by means considered appropriate by the Board of Directors under the following conditions:

- (1) during a period of 12 years at least three dividends in respect of the shares in question have been declared by the Company and no dividend during that period has been claimed;
- (2) on expiry of the 12 years the Company gives notice of its intention to sell the shares by means of an announcement published in one or more newspapers in the place where the Company's shares are listed and notifies the stock regulatory institution on which such shares are listed of such intention. The Company shall appoint agents for receiving payment in respect of holders of overseas-listed foreign shares. Such receiving agents shall receive dividends which have been distributed by the Company in respect of overseas-listed foreign shares and other payables to holders of overseas-listed foreign shares on such shareholders' behalf.

The receiving agents appointed by the Company shall meet the requirements of the laws or relevant stock exchange rules of the place(s) where the shares are listed. The receiving agents appointed for holders of overseas-listed foreign shares listed on the SEHK shall each be a trust company registered under the Trustee Ordinance of Hong Kong.

## **Section 2 Internal Audit**

**Article 225** The Company shall implement its internal audit system with professional auditors to carry out internal audit supervision to the financial balance and economic activities of the Company.

**Article 226** The internal audit system of the Company and the duties of such auditors shall be implemented after the approval of the Board of Directors. The responsible auditor shall be responsible and report to the Board of Directors.

## **Section 3 Engagement of Accountant Firm**

**Article 227** The Company shall engage an independent accounting firm, which has obtained "qualification of engagement in securities related businesses" to conduct audit on the annual financial statement of the Company and to audit accounting reports, verify on net assets, review other financial reports of the Company and to provide other related advisory services. The engagement lasts 1 year and is renewable.

- Article 228** The engagement of the accountants by the Company must be subject to the resolution of the general meeting, while the Board of Directors must not appoint any accountants before the resolution of the general meeting.
- Article 229** The accountant firm appointed by the Company shall hold office from the close of the current annual general meeting until the conclusion of the next annual general meeting.
- Article 230** The accountant firm appointed by the Company shall have the following rights:
- (1) a right to inspect the books, records and vouchers of the Company at any time, the right to require director(s), manager(s) or other senior officers of the Company to supply relevant information and explanation;
  - (2) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the purpose of discharging its duties;
  - (3) a right to attend general meeting and to receive all notices of, and information relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting for matters in relation to its capacity as the Company's accountant firm.
- Article 231** The Company warrants that it will provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information, and it shall not refuse to provide or conceal or falsify such documents.
- Article 232** The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined at the general meeting. The remuneration of an accounting firm appointed by the Board of Directors shall be determined by the Board of Directors.
- Article 233** The Company's appointment, removal or non-reappointment of an accounting firm shall be determined on the shareholders' general meeting. Such resolution shall be filed with the securities regulatory authority of the State Council.

Where any resolution is proposed to be passed at a shareholders' general meeting concerning the appointment of an accounting firm which is not an incumbent firm to fill a casual vacancy in the office of accounting firm, the reappointment of a retiring accounting firm which was appointed by the Board of Directors of the Company to fill a casual vacancy, or the removal of an accounting firm before the



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

**Article 234** Before the convening of the shareholders' general meeting, the Board of Directors may fill any casual vacancy in the office of the accounting firm, but while any such vacancy continues, the surviving or continuing accounting firm, if any, may act.

**Article 235** The shareholders in general meeting may by ordinary resolution remove an accounting firm before the expiration of its term of office, notwithstanding the stipulations in the contract between the Company and the accounting firm, but without prejudice to the accounting firm's right to claim, if any, for damages in respect of such removal.

**Article 236** Prior to the removal or the non-renewal of the appointment of the accounting firm, 30 days of prior notice of such removal or non-renewal shall be given to the accounting firm and such accounting firm shall be entitled to make representation at the shareholders' general meeting. Where the accounting firm resigns its post, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

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

1. a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
2. a statement of any such circumstances that should be explained.

Where a notice is deposited under the preceding paragraph, the Company shall within 14 days send a copy of such notice to the relevant competent authority. If the notice contains a statement under item (2) of this Article, a copy of such statement shall be available for inspection by shareholders of the Company at the Company's residence. The Company shall also send a copy of such statement by prepaid mail to every shareholder of overseas-listed foreign shares at the addresses registered in the registers of shareholders.



Where the accounting firm notice of resignation contains a statement of any circumstances which should be explained, the firm may require the Board of Directors to convene a shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

## **CHAPTER 10 NOTICE AND ANNOUNCEMENT**

### **Section 1 Notice**

**Article 237** Notices of the Company shall be issued by the following methods:

- (1) by hand;
- (2) by post;
- (3) by announcement;
- (4) by publishing on the websites designated by the Company and relevant stock exchanges, subject to relevant laws, administrative regulations and relevant requirements of the securities regulatory authorities of the place where the shares of the Company are listed;
- (5) by other means required by the Articles of Association or approved by relevant regulatory authority of the place where the shares of the Company are listed.

Notwithstanding any other provisions contained in the Articles of Association in respect of the publishing or giving notice of any documents, circulars or other communications, the Company may choose to announce such corporate communications by means provided under item (4) of this Article in place of delivering written documents by hand or by post to each shareholder of overseas-listed foreign shares, subject to relevant requirements of the securities regulatory authorities of the place where the shares of the Company are listed.

The aforesaid corporate communications refer to any documents issued or to be issued by the Company for the information or action of any shareholders of overseas-listed foreign shares, including but not limited to: (1) reports of the Board of Directors, annual accounts of the Company, auditors' reports and summary financial reports (if applicable); (2) interim reports and interim summary reports of the Company (if applicable); (3) notices of meetings; (4) listing documents; (5) circulars; (6) proxy forms (as defined in the listing rules of the stock exchange where the shares of the Company are listed).

**Article 238** Where a notice sent by the Company is made by way of an announcement, the notice shall be deemed as received by all relevant parties.

**Article 239** Unless otherwise provided by these Articles of Association, the Company's notices, information or written announcements to the shareholders of overseas-listed foreign shares shall be delivered by any of the following methods:

- (1) by hand or by post to the registered address of each shareholder of overseas-listed foreign shares, while notices to H shareholders shall be sent in Hong Kong if possible;
- (2) by publishing on the Company's website or websites designated by the stock exchanges where the Company's shares are listed, in accordance with applicable laws, administrative regulations and relevant listing rules;
- (3) by the methods required by other stock exchanges where the Company's shares are listed and the Listing Rules.

Any notice in the form of announcement made by executing the power specified by these Articles of Association shall be published on newspapers or websites.

The Company is only required to deliver or send notices, information or other documents to one of the joint shareholders.

**Article 240** The notice of the shareholders' general meeting of the Company shall be made mainly by announcement.

**Article 241** The meeting notice of the Board of the Company shall be made mainly by hand.

**Article 242** The meeting notice of the supervisory committee of the Company shall be made mainly by hand.

**Article 243** For a notice of the Company delivered by hand, the addressee shall sign (or stamp) on the receipt of the delivery, and the date of acknowledgement of receipt signed by the addressee shall be deemed as the date of delivery; where a notice of the Company is sent by post, the third working day after the notice is delivered to post office shall be deemed as the date of delivery; where a notice of the Company is made via announcement, the date on which the announcement is published for the first time shall be deemed as the date of delivery.

**Article 244** The accidental omission to give a notice of a meeting to or the non-receipt of notice of a meeting by any person who is entitled to receive the notice shall not invalidate the meeting and the resolutions passed at such meeting.

### **Section 2 Announcement**

**Article 245** The Company has designated the Shanghai Securities News, the China Securities Journal and the Securities Times as the media for publishing announcements of the Company and other information required to be disclosed.

**Article 246** Any announcement to be published to shareholders of overseas-listed foreign shares as required by these Articles of Association shall be published by the methods specified by the Hong Kong Listing Rules.

## **CHAPTER 11 MERGER, DIVISION, INCREASE AND REDUCTION OF SHARE CAPITAL, DISSOLUTION AND LIQUIDATION**

### **Section 1 Merger, Division, and Increase and Reduction of Share Capital**

**Article 247** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

Where one company is absorbed by another in a merger by absorption, the absorbed company is dissolved. When more than two companies merge to establish a new company, the parties to the merger dissolve.

**Article 248** In the event of merger or division of the Company, a plan shall be proposed by the Board and shall be approved in accordance with the procedures stipulated in these Articles of Association and the relevant examining and approving formalities shall be carried out as required by law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request that the Company or the shareholders who consent to such plan purchase their shares at a fair price. A special document of the Company's resolution on the merger or division should be prepared for inspection by the shareholders.

The aforesaid document should also be dispatched to the shareholders of overseas-listed foreign shares by means as provided in Chapter 10 of these Articles of Association.

**Article 249** In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days as of the date of the Company's resolution on merger and shall make announcement on the Shanghai Securities News, the China Securities Journal and the Securities Times for at least three times within 30 days as of the date of the Company's resolution on merger. Creditors may, within 30 days after receipt of such notice from the Company, or within 45 days as of the date of the announcement for those who do not receive such notice, to demand that the Company repay their debts to that creditor or provide a corresponding guarantee for such debts.

**Article 250** After the merger, claims and debts of parties to the merger shall be taken over by the continuing company or the newly established company.

**Article 251** When the Company is divided, its assets shall be split up accordingly.

In the event of a division of the Company, the Company shall prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days as of the date of the Company's resolution on division and shall make announcement on the Shanghai Securities News, the China Securities Journal and the Securities Times for at least three times within 30 days as of the date of the Company's resolution on division.

**Article 252** Unless otherwise agreed by the Company and creditors on settling debts in writing prior to the division, debts incurred by the Company before its division shall be jointly borne by the companies after the division.

**Article 253** The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within 10 days from the date of the Company's resolution on reduction in registered capital and shall publish an announcement on the Shanghai Securities News, the China Securities Journal and the Securities Times for three times within 30 days from the date of such resolution. A creditor has the right, within 30 days after receipt of such notice from the Company, or within 45 days as of the date of the announcement for those who do not receive such notice, to demand that the Company repay their debts to that creditor or provide a corresponding guarantee for such debts.

The registered capital of the Company following the reduction in capital shall not fall below the minimum statutory requirement.

**Article 254** When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

When the Company increases or reduces its share capital, such changes shall be registered with the company registration authority in accordance with the law.

## **Section 2 Dissolution and Liquidation**

**Article 255** The Company shall be dissolved due to any of the following reasons:

- (1) the term of operation expires, or any dissolution events as stipulated in these Articles of Association occur;
- (2) a resolution for dissolution is passed at a shareholders' general meeting;
- (3) dissolution as a result of a merger or division of the Company;
- (4) the business license of the Company is revoked, or the Company is ordered to close down or is closed down in accordance with laws due to violation of laws and administrative regulations;
- (5) shareholders holding above 10% of all the voting rights of the Company may apply to the People's court for dissolution when the Company experiences severe difficulties in its operations and management and continual operation of the Company will bring significant losses to the interest of shareholders while there are no other ways to resolve the difficulties;
- (6) the Company is legally declared insolvent due to its failure to repay its debts when due.

**Article 256** Where the situation set forth in item (1) of Article 255 of these Articles of Association occurs, the Company may continue to exist by amending these Articles of Association.

Amendments to these Articles of Association in accordance with preceding paragraph shall be passed by a vote representing more than two-thirds of the voting rights of the shareholders present at the general meeting.

**Article 257** Should the Company dissolve due to reasons stipulated in items (1) and (2) of Article 255, it shall set up a liquidation committee to begin liquidation within 15 days after the occurrence of the dissolution event, and the members of this committee shall be determined by ordinary resolutions of the shareholders' general meeting, failing which creditors may apply to the People's court for the establishment of a liquidation committee comprising designated persons.

Should the Company dissolve due to reasons stipulated in item (4) of Article 255, relevant competent authorities shall organize shareholders, relevant authorities and professionals to form the liquidation committee and start the liquidation.

Should the Company dissolve due to reasons stipulated in item (6) of Article 255, bankruptcy liquidation shall be carried out in accordance with the relevant laws on corporate bankruptcy.

**Article 258** Where the Board of Directors decides to liquidate the Company for any reason other than the Company's declaration of its own bankruptcy, the Board of Directors shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, 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 twelve months from the commencement of the liquidation.

All the functions and powers of the Board of Directors shall cease immediately upon the passing of the resolution by the shareholders' general meeting for the liquidation of the Company.

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

**Article 259** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to serve notices or make announcements to creditors;

- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay all outstanding taxes as well as taxes arising in the course of liquidation;
- (5) to settle claims and debts;
- (6) to deal with the assets remaining after the Company's debts have been repaid;
- (7) to represent the Company in any civil proceedings.

**Article 260** The liquidation committee shall, within 10 days of its establishment, send notices to creditors and shall, within 60 days of its establishment, publish announcement on the Shanghai Securities News, the China Securities Journal and the Securities Times for at least three times. Creditors shall, within 30 days of receipt of the notice, or for creditors who have not personally received such notice, within 45 days of the date of the public announcement, declare their rights to the liquidation committee.

The creditor who declares the creditor's right shall state the relevant matter in relation to the debt, and provide supporting materials. The liquidation committee shall register the creditors' rights.

During the period of declaring claims, the liquidation committee shall not settle any debt with the creditors.

**Article 261** After the liquidation committee has sorted out the assets of the Company and prepared the balance sheets and the inventory of assets, it shall formulate a liquidation scheme and report it to the shareholders' general meeting or the relevant competent authorities for confirmation.

After the payment of liquidation charges, staff salary, social insurance, statutory compensation, outstanding tax and the debts of the Company, the remaining assets of the Company shall be distributed to shareholders in proportion to their shareholdings.

During the liquidation period, the company continues to exist, but it may not commence operational activities not related to the liquidation. The assets of the Company shall not be distributed to the shareholders before they are used for settlement in accordance with the foregoing provisions.

**Article 262** After sorting out the assets of the Company and preparing the balance sheets and the inventory of assets, if the liquidation committee



- (3) the shareholders' general meeting decides to amend these Articles of Association.

**Article 266** Where the amendments to these Articles of Association passed by a resolution at a shareholders' general meeting need the examination and approval of the competent authorities, these amendments shall be submitted hereto for approval; any amendment to these Articles of Association involving anything set out in the Mandatory Provisions shall become effective upon approval by the department in charge of company approval affairs authorised by the State Council and by the securities regulatory authorities of the State Council (if applicable); and if an amendment is relevant to any registration items of the Company, modifications of the registration shall be completed according to law.

**Article 267** Where the amendments to the Articles of Association involve matters requiring disclosure by laws and regulations, the amendments shall be announced in accordance with the requirements of the Hong Kong Listing Rules.

### **CHAPTER 13 SETTLEMENT OF DISPUTES**

**Article 268** The Company shall settle disputes following the rules below:

- (1) In the event of any dispute or claim between shareholders of overseas-listed foreign shares and the Company, between a holder of overseas-listed foreign shares and directors, supervisors, managers or other senior officers, and between shareholders of overseas-listed foreign shares and shareholders of domestic shares arising from rights and obligations as specified in these Articles of Association, the Company Law and other relevant laws and administrative regulations relating to the affairs of the Company, the parties concerned shall submit the said dispute or claim for arbitration.

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

Disputes relating to definition of shareholders and shareholders' register may be settled other than through arbitration.

- (2) The applicant for arbitration may select China International Economic and Trade Arbitration Commission for arbitration by following the arbitration rules thereof, or may select Hong Kong International Arbitration Centre for arbitration by following the securities arbitration rules thereof. For circumstances set out in item (1) above, arbitrations shall be conducted by China International Economic and Trade Arbitration Commission. After the applicant for arbitration submits the dispute or claim for arbitration, the other party shall accept arbitration at the aforesaid selected arbitration agency.
- (3) Settlement of disputes or claims set out in item (1) of this Article by way of arbitration shall be governed by the PRC laws, save as otherwise specified by laws and administrative regulations.
- (4) The arbitration award made by the arbitration agency shall be final and binding upon all parties.

## **CHAPTER 14 SUPPLEMENTARY PROVISIONS**

### **Article 269** Definitions

- (1) Controlling shareholders shall refer to the shareholders as defined in Article 65 of these Articles of Association.
- (2) De facto controller shall refer to that although such controller is not a shareholder of the Company, he/she is a person who can actually dominate the Company's actions through investment, agreements or other arrangements.
- (3) Connected relations shall refer to the relationship between the Company's controlling shareholders, de facto controller, directors, supervisors, senior officers and those enterprises which are directly or indirectly controlled by the foregoing parties and such other relationship which may cause the interests of the Company to be transferred. However, the state-controlled enterprises do not have connected relations with each other merely because they are all being controlled by the State.
- (4) Additional gratuities shall refer to the one-off compensation paid to the leaving officers at medium level or above of the Company by the shareholders separately or jointly holding above 10% of the shares of the Company for the resignation or dismissal of such officers caused by the fact that such shareholders further acquire the Company's shares and become de facto controllers.

Management personnel at medium level or above shall refer to management personnel in the position of assistant to department manager of the Company or above, including the directors and supervisors of the Company entitled to remuneration from the Company and its controlling subsidiaries.

The calculation of the additional gratuities is as follows:

- Article 272** The term “above”, “within”, “following”, as stated in these Articles of Association shall all include the given figure; the term “not exceeding”, “except”, “less than” and “more than” shall all exclude the given figure.
- Article 273** Accounting firm referred to in these Articles of Association shall bear the same meaning as “auditors”.
- Article 274** The Board shall be responsible for the interpretation of these Articles of Association.
- Article 275** The appendix(es) to these Articles of Association include(s) Rules of Procedures for shareholders’ general meetings, Rules of Procedures for the Board of Directors and Rules of Procedures for the Supervisory Committee.

These Articles of Association shall be effective from the date of issue and listing of the overseas-listed foreign shares (H Shares) of the Company on the Main Board of SEHK after the shareholders’ general meeting and approved by the competent approving authorities. Since the effective date of these Articles of Association, the original Articles of Association of the Company and its amendments shall be lapsed automatically.

**Shanghai Dazhong Public Utilities (Group) Co., Ltd.**

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