

# **Yantai North Andre Juice Co., Ltd.**

## **Articles of Association**

Important Note: The following is an English translation of the Chinese version of the Articles of Association of Yantai North Andre Juice Co., Ltd.\*(the “Articles of Association” ). In case of any discrepancies or inconsistencies, the Chinese version shall always prevail.

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# **Yantai North Andre Juice Co., Ltd.**

## **Articles of Association**

### **Chapter 1 General Provisions**

#### Article 1

To safeguard the lawful rights and interests of Yantai North Andre Juice Co., Ltd. (hereinafter referred to as “the Company”), the shareholders as well as the creditors and to regulate the organizations and acts of the Company, in accordance with the *Company Law of the People’s Republic of China* (hereinafter referred to as the “*Company Law*”) and *Securities Law of the People’s Republic of China* (hereinafter referred to as the “*Securities Law*”), the Articles of Association are hereby made.

The Company is a Sino-foreign joint venture stock limited company established in accordance with the *Company Law*, *Securities Law*, *Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies* (hereinafter referred to as “*Special Provisions*”), *Provisional Regulations of the Ministry of Foreign Trade and Economic Cooperation on Certain Issues Concerning the Establishment of Companies Limited by Shares with Foreign Investment* (hereinafter referred to as “*Provisional Regulations*”), *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (hereinafter referred to as “*Listing Rules of SEHK*”) and other relevant laws and administrative regulations of the state.

Upon the approval of the Ministry of Foreign Trade and Economic Cooperation with Wai Jing Mao Zi Er Han [2001] No. 535 document, the Company was established from a Sino-foreign joint venture on June 14, 2001. The number of Certificate of Approval for Establishment of Enterprises with Foreign Investment is: Wai Jing Mao Zi Shen Zi [2001] No. 0067. The Company was registered in Shandong Administration for Industry and Commerce on June 26, 2001, which has obtained the Corporation Legal Person Business License with the registration No. of 370000400000722.

#### Article 2

Registered Chinese Name of the Company: 烟台北方安德利果汁股份有限公司

Registered English Name of the Company: Yantai North Andre Juice Co., Ltd.

#### Article 3

Company address: 18 Andre Street, Muping Economic Development Zone, Yantai City, Shandong Province

Tel.: (0086) 535-4235386

Fax: (0086) 535-4218858

P.C.: 264100

#### Article 4

The legal representative of the Company shall be the chairman of its Board of Directors.

#### Article 5

The Company is a perpetual joint stock limited company.

#### Article 6

The entire assets of the Company are divided into shares of equal value. The shareholders shall assume liability for the Company to the extent of their respective capital contributions. The Company shall assume liability for its debts to the extent of all of its assets.

#### Article 7

The Articles of Association shall be a legally binding document that regulates the organizations and acts of the Company as well as the rights and obligations between the Company and the shareholders and among the shareholders from the effective date.

#### Article 8

The Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel. All the above persons may make claims concerning all matters of the Company in accordance with the Articles of Association.

Shareholders may sue the Company in accordance with the Articles of Association. The Company may sue the shareholders in accordance with the Articles of Association. Shareholders may sue shareholders in accordance with the Articles of Association. Shareholders may sue directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel of the Company in accordance with the Articles of Association.

For the purpose of the preceding paragraph, the term “sue” shall include the initiation of proceedings in a court or the filing of an arbitration application to an arbitration organization.

#### Article 9

The Company may invest in other enterprises. It shall be liable for such invested enterprises to the extent of the amount of investment.

The Company shall not become a contributor bearing joint and several liabilities for the debts of the invested enterprises.

## **Chapter 2 Purpose & Scope of Business**

### Article 10

The Company's purpose of business is: According to the shareholders' visions to enhance economic cooperation, by synthesizing the advantages of each shareholder, adopt applicable advanced technologies, excellent scientific management methods and effective market expansion methods and channels to be competitive in both Chinese market and the global market in terms of the product quality and price so as to provide each shareholder with satisfied returns on investment.

### Article 11

The business scope of the Company shall be in accordance with the items approved by the company registry.

The Company's scope of business shall include:

Production and sales of various virgin pulp juice and fruit and vegetable juice; processing and sales of iron packaging products; biological and comprehensive utilization of pomace; and wholesale and import and export businesses of various virgin pulp juice, fruit and vegetable juice and fruit pulps (The above mentioned products involved in quota license management and special management shall be conducted in accordance with relevant regulations of the state.)

According to domestic and international market trends, domestic and overseas business development needs as well as the self-development abilities and performance requirements of the Company, upon the approval of relevant government departments, the Company may adjust its investment policy, scope of business and mode of business operation, and establish branches and offices at home and abroad as well as in the regions such as Hong Kong, Macao and Taiwan in due time.

## **Chapter 3 Shares & Registered Capital**

### Article 12

The Company shall have ordinary shares at all times. It may have other kinds of shares according to the needs, upon the approval of the departments authorized by the State Council to examine and approve companies.

### Article 13

All the stocks issued by the Company shall have a par value of RMB 1 yuan for each share.

For the purpose of the preceding paragraph, the term "RMB" refers to the legal currency of the People's Republic of China.

### Article 14

Upon the approval of the securities governing authority of the State Council, the Company may issue stocks to domestic investors and overseas investors.

For the purpose of the preceding paragraph, the term “overseas investors” shall refer to the investors from foreign countries or from Hong Kong, Macao or Taiwan who subscribe for the shares issued by the Company; and the term “domestic investors” shall refer to the investors inside the People’s Republic of China, excluding the above-mentioned regions, who subscribe for the shares issued by the Company.

Shares issued by the Company to domestic investors and to be subscribed for in RMB shall be referred to as domestic shares. Shares issued by the Company to overseas investors and to be subscribed for in foreign currencies shall be referred to as foreign shares. Foreign shares listed outside the People’s Republic of China shall be referred to as overseas listed foreign shares.

For the purpose of the preceding paragraph, the term “foreign currencies” refers to the legal currencies apart from RMB of other countries or regions which are recognized by the foreign exchange authority of the state and can be used to pay the Company for the share price.

Domestic shares listed inside the People’s Republic of China shall be referred to as domestic listed ordinary shares, short for A shares. H shares refer to the overseas listed foreign shares of the Company listed on the Stock Exchange of Hong Kong Limited (hereinafter referred to as “SEHK”) with the par value marked in RMB, purchased and traded in HKD.

A shares issued by the Company are centrally deposited and managed by China Securities Depository and Clearing Company Limited [ ] Branch. H shares issued by the Company are trusted in Hong Kong Securities Clearing Company Ltd., which can also be held by shareholders personally.

#### Article 15

Before initial public offering of H shares made by the Company, total ordinary shares issued by the Company to initiators were 113.88 million shares. Shares held by the initiators are as follows:

Title or name of initiators	Shares (ten thousand)	Shareholding ratio (%)	Method of capital contribution
Glorious Cause Afforestation Finishing Co., Ltd.	5,466.24	48.00	Net asset
Korea Jeong Soo Andre Co., Ltd.	2,847.00	25.00	Net asset
Yantai Donghua Fruit Industry Co., Ltd.	1,992.90	17.50	Net asset
Beijing RAJ Network Sales Co., Ltd.	569.40	5.00	Net asset

YUNG, Ka Hee Titus	341.64	3.00	Net asset
Yantai Kunyu Mountain Forest & Fruit Co., Ltd.	170.82	1.50	Net asset

Details are as follows (indicating month and year):

In April 2003, upon the approval of China Securities Regulatory Commission, the Company totally issued 38 million H shares, accounting for 25.02% of the total amount of the issued ordinary shares of the Company at that time.

In December 2003, the Company divided the shares with the par value of each stock changed to RMB 0.1 yuan from RMB 1 yuan.

In July 2004, upon the approval of the national approval authority, the Company increased its capital and expanded its shares. After capital increase, the registered capital of the Company was RMB 169.73 million yuan and the total shares increased to 169,730 ten thousand shares. In November 2005, upon the approval of the national approval authority, the Company increased its capital and expanded its shares. After capital increase, the registered capital of the Company was RMB 180.888 million yuan and the total shares increased to 180,888 ten thousand shares. In May 2007, upon the approval of the national approval authority, the Company increased its capital and expanded its shares. After capital increase, the registered capital of the Company was RMB 193.888 million yuan and the total shares increased to 193,888 ten thousand shares. In March 2008, the Company increased shares by capital conversion from capital surplus to all shareholders, thus the registered capital increased to RMB 426.5535 million yuan and the total shares increased to 426,553.6 ten thousand shares. In June 2012, upon the approval of the national approval authority, the Company reduced its capital, thus the registered capital decreased to RMB 408.988 million yuan and the total shares decreased to 408,988 ten thousand shares.

In January 2012, the Company consolidated the shares with the par value of each stock changed to RMB 1 yuan from RMB 0.1 yuan.

On the [date of approval], upon the approval by way of a special resolution of the Shareholders' Meeting and the approval of the approval authority authorized by the State Council, the Company made a public offering of [ ] A shares and was listed on the stock exchange on the [listing date].

#### Article 16

After the share repurchased, the share capital structure of the Company is ordinary shares of 392,600,000 shares in total. Among them, Donghua Fruit Industry Co., Ltd. holds 65,779,459 shares of foreign shares, accounting for 16.75% of the total amount of the Company's share capital; Shandong Andre Group Co., Ltd. holds 74,658,540 shares of domestic shares, accounting for 19.02% of the total amount of the Company's share capital; China Pingan Investment Holdings Limited holds 46,351,961 shares of foreign shares, accounting for 11.81% of the total amount of the Company's share capital; Chengdu President Enterprise Food Co., Ltd. holds 42,418,360 shares of domestic shares,

accounting for 10.80% of the total amount of the Company's share capital; Guangzhou President Enterprises Co., Ltd. holds 21,327,680 shares of domestic shares, accounting for 5.43% of the total amount of the Company's share capital. The above shareholders totally hold 250,536,000 shares, accounting for 63.81% of the total amount of the Company's share capital. The holders of H shares listed on the Hong Kong Main Board hold 142,064,000 shares, accounting for 36.19% of the total amount of the Company's share capital.

#### Article 17

The Board of Directors of the Company may make separate arrangements for the plan of issuing overseas listed foreign shares and domestic shares approved by the securities governing authority of the State Council.

The Company's plan for separate issues of overseas listed foreign shares and domestic shares in accordance with the preceding paragraph may be implemented separately within 15 months starting from the date of approval by the securities governing authority of the State Council.

#### Article 18

If the Company issues overseas listed foreign shares and domestic shares separately within the total amount fixed in the stock issuance plan, it shall float them in full in one issue. If special circumstances prevent this from being realized, it may issue them in installments with the approval of the securities governing authority of the State Council.

#### Article 19

The registered capital of the Company shall be RMB 392,600,000 yuan.

#### Article 20

Unless otherwise specified by laws and administrative regulations, the shares of the Company may be transferred freely with no lien attached.

#### Article 21

The domestic shares, foreign shares and overseas listed foreign shares of the Company shall be bought or sold, granted, succeeded and pledged in accordance with the law of China, the law of the listing place, the rules of SEHK and the regulations of the Articles of Association. The transfer procedures for the transfer and assignment of the Company's shares shall be conducted in accordance with relevant regulations.

#### Article 22

The shares of the Company shall be issued in the principles of publicity, fairness and impartiality. Each share of the same category shall have equal rights. Shares of the same category issued at the same time shall be issued on the same conditions



and at the same price; the stocks subscribed for by any units or individuals shall be of the same price for each share.

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

### Article 23

For the purpose of business operation and development, according to laws and regulations, upon resolutions made by Shareholders' Meeting, the Company may adopt the following methods to increase its capital:

- (I) Public issuance of shares;
- (II) Non-public issuance of shares;
- (III) Allotment of bonus shares to the existing shareholders;
- (IV) Allotment of new shares to the existing shareholders;
- (V) Share capital increase from common reserve funds; and
- (VI) Other methods approved by laws, administrative regulations and China Securities Regulatory Commission (hereinafter referred to as "CSRC").

The Company's increase of capital by issuing new shares shall be handled in accordance with the procedures prescribed by relevant state laws and administrative regulations after having been approved in accordance with the Articles of Association.

### Article 24

The Company may reduce its registered capital. The decrease of registered capital shall follow the procedures set forth in the *Company Law*, other regulations and the Articles of Association. When the Company increases or reduces its registered capital, it shall transact changing registration with the company registry.

### Article 25

When the Company is to reduce its registered capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten days of adopting the resolution to reduce its registered capital and shall publish a public announcement of the resolution in the newspaper at least three times within thirty days of the said date. Creditors shall, within thirty days of receiving a written notice or within ninety days of the date of the first public announcement for those who have not received a written notice, be entitled to require the Company to pay its debts in full or to provide a corresponding guarantee for repayment.

The registered capital of the Company after reduction may not be less than the statutory minimum.

### Article 26

The Company may, in the following circumstances, repurchase the outstanding shares in

accordance with the procedures specified in the Articles of Association, after being approved by the relevant state authorities:

- (I) Cancellation of shares in order to reduce its capital;
- (II) Merger with other companies holding stocks in the Company;
- (III) Granting shares to the staff of the Company as a reward;
- (IV) Shareholders' shares to be repurchased by the Company due to Shareholders' objection to the merger and dissolution resolutions adopted by the Shareholders' Meeting; and
- (V) Other circumstances approved by laws and administrative regulations.

The Company shall not purchase or sell its shares except for the above cases.

When the Company repurchases its shares due to the reasons in the above Items (I), (II) and (III), it shall be approved by the Shareholders' Meeting.

When the Company repurchases its shares in accordance with the preceding paragraph, in case of (I), the shares shall be cancelled within 10 days from the date of purchase; and in case of (II) and (IV), the shares shall be transferred or cancelled within 6 months.

When the Company repurchases its shares in according with the preceding (III), the shares shall not be over 5% of the total shares issued by the Company. The fund for repurchasing shall be paid from the after-tax profit of the Company. The repurchased shares shall be transferred to the staff within 1 year.

#### Article 27

After the Company is approved by relevant state authorities to repurchase its shares, it may repurchase in any of the following manners:

- (I) Make a repurchase offer in the same proportion to all shareholders;
- (II) Repurchase through bidding on a stock exchange;
- (III) Repurchase by an agreement outside a stock exchange; and
- (IV) Other methods approved by laws, administrative regulations and approval authorities authorized by the State Council.

#### Article 28

For the redeemable shares that the Company has the right to repurchase, if the shares are not repurchased through the market or bidding, the repurchase price must be confined to a peak price; however, if the shares are repurchased by bidding, the Company must invite public bidding among all shareholders under the same conditions.

When the Company repurchases shares by an agreement outside a stock exchange, prior approval shall be obtained from the Shareholders' Meeting in accordance with the procedures specified in the Articles of Association. Upon prior approval of the Shareholders' Meeting in the same manner, the Company may rescind or change contracts concluded in the manner set forth above or waive any of its rights under such contracts.

For the purpose of the preceding paragraph, contracts for the repurchase of shares shall include (but not limited to) agreements specifying that the repurchase obligations are

undertaken and repurchase rights are acquired.

The Company may not assign contracts for the repurchase of its own shares or any of its rights thereunder.

#### Article 29

After the Company has repurchased its shares according to law, it shall cancel the portion of shares concerned within the period prescribed by laws and administrative regulations. It shall apply to the original company registry for registration of the change in registered capital and make relevant announcements.

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

#### Article 30

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

(I) If the Company repurchases shares at the par value, the amount thereof shall be deducted from the book balance of distributable profit and/or from the proceeds of the new shares issued to repurchase the old shares;

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

(1) If the shares repurchased were issued at their par value, the amount shall be deducted from the book balance of distributable profit;

(2) If the shares repurchased were issued at a price higher than the par value, the amount shall be deducted from the book balance of distributable profit and the proceeds of new shares issued to repurchase the old shares; however, the amount deducted from the proceeds of the new shares may neither exceed the total premium obtained at the time of issuance of the old shares nor exceed the amount (including the premiums from the new shares) in the Company's premium account or the capital reserve fund account at the time of repurchase;

(III) The sums paid by the Company for the purposes set forth below shall be paid out of the Company's distributable profit:

(1) Acquisition of the right to repurchase its own shares;

(2) Modification of any contract for the repurchase of its own shares; and

(3) Releasing from any of its obligations under any repurchase contract.

(IV) After the total par value of the annulled shares has been deducted from the registered capital of the Company in accordance with relevant regulations, that portion of the amount deducted from the distributable profit and used to repurchase shares at the par value of the repurchased shares shall be included in the Company's premium account or the capital reserve fund account.

## **Chapter 5 Transfer of Shares**

### Article 31

The shares of the Company may be transferred according to law.

### Article 32

The Company shall not accept its own stocks in the form of pledge.

### Article 33

The shares issued prior to public share issuance of the Company shall not be transferred within 1 year from the listing date in the stock exchange for transaction.

The directors, supervisors and senior management personnel shall declare to the Company about the shares held by them and the changing conditions. During their term of office, the shares transferred each year shall not exceed 25% of all shares held by them; and the shares of the Company held by them shall not be transferred within 1 year from the listing date in the stock exchange for transaction. After leaving their posts, the above people shall not transfer the shares of the Company held by them within half a year.

### Article 34

If the directors, supervisors, senior management personnel and shareholders holding over 5% of the Company's shares sell their shares held by them within 6 months after they purchase the shares or repurchase the shares within 6 months after selling out, the profits earned hereof shall belong to the Company and the Board of Directors of the Company shall reclaim the profits. However, for securities companies holding over 5% of the shares of the Company due to stand-by underwriting, the sale of such shares shall not be subject to the restriction of 6 months.

If the Board of Directors of the Company fails to implement the regulations as the preceding paragraph, the shareholders shall have the right to request the Board of Directors to take an action within 30 days. If the Board of Directors of the Company fails to take an action within the aforesaid time limit, the shareholders may, in their own names, directly appeal to the People's Court for the benefit of the Company.

If the Board of Directors of the Company fails to perform the duty as prescribed in the first paragraph under Article 34, the directors who are accountable thereto may bear joint and several liabilities according to law.

## **Chapter 6 Financial Assistance for the Purchase of Company Shares**

### Article 35

The Company or its subsidiaries shall not provide any financial assistance at any time in any form for purchasers or prospective purchasers of the shares in the Company. Purchasers of shares in the Company set forth above shall include persons who directly or indirectly undertake obligations for the purpose of purchasing shares in the Company.

The Company or its subsidiaries shall not provide any financial assistance at any time in any form for the above obligators in order to reduce or discharge their obligations.

The provisions of this Article shall not apply to the circumstances described in Article 37 of this Chapter.

### Article 36

For the purpose of this Chapter, the term “financial assistance” shall include (but not limited to) the financial assistance in the forms set out below:

(I) Gift;

(II) Guarantee (including undertaking liabilities or providing assets by the guarantor in order to ensure performance of obligations by the obligator), compensation (not including, however, indemnity arising from the Company’s own fault) and release or waiver of rights;

(III) Provision of a fund or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other party, or a change in the party to such a fund or contract as well as the assignment of rights under such loan or contract; and

(IV) Financial assistance in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a major reduction in the Company’s net assets.

For the purpose of this Chapter, the term “undertaking liabilities” shall include liabilities undertaken by the obligator by means of concluding a contract or making an arrangement (whether or not such contract or arrangement is enforceable and whether or not such liabilities are undertaken by the obligator individually or jointly with any other person) or by changing its financial position in any other way.

### Article 37

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

(I) Provided the Company provides the relevant financial assistance truthfully for the benefit of the Company and the main purpose of the financial assistance is not to purchase shares in the Company, or the financial assistance is an incidental part of an overall plan of the Company;

(II) Lawful distribution of the Company’s property in the form of dividends;

(III) Distribution of dividends in the form of shares;

(IV) Reduction of registered capital, repurchase of shares, change of shareholding

structure, etc., in accordance with the Articles of Association;

(V) Provision of a fund by the Company within its scope of business and in the ordinary course of its business (provided that such action does not lead to a reduction in the net assets of the Company or that even though such action constitutes a reduction, the financial assistance is paid from the Company's distributable profits); and

(VI) Provision of a fund by the Company for an employee shareholding scheme (provided that such action does not lead to a reduction in the net assets of the Company or that even though such action constitutes a reduction, the financial assistance is paid from the Company's distributable profits).

## **Chapter 7 Stocks & Register of Shareholders**

### Article 38

The Company's stocks shall be in registered form.

In addition to the particulars specified in the *Company Law* and the *Special Provisions*, matters concerning the stocks of the Company shall clearly state such other particulars as required by the stock exchange on which the Company's shares are listed.

### Article 39

The stocks shall be signed by the chairman of the Board of Directors. Provided the signature of other senior management personnel of the Company is required by the stock exchange on which the Company's shares are listed, the stocks shall also be signed by such other senior management personnel. The stocks shall become effective after the seal of the Company (or the securities seal of the Company) is affixed thereon or printed thereon. The seal of the Company (or the securities seal of the Company) shall be affixed on the stocks with the authorization of the Board of Directors. The signature of the chairman of the Board of Directors or of other senior management personnel on the stocks may also be in printed form.

### Article 40

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

- (I) The name (title), address (domicile), profession or nature of each shareholder;
- (II) The category and number of shares held by each shareholder;
- (III) The amount paid or payable for the shares held by each shareholder;
- (IV) The serial number of the shares held by each shareholder;
- (V) The date on which each shareholder is registered as a shareholder; and
- (VI) The date on which each shareholder ceases to be a shareholder.

Unless evidence to the contrary is shown, the register of shareholders shall be the

sufficient evidence of the shareholders' shareholdings in the Company.

#### Article 41

The Company may, pursuant to an understanding or agreement reached between the securities governing authority of the State Council and the securities regulatory organization outside the People's Republic of China, keep the register of shareholders with overseas listed foreign shares outside the People's Republic of China, and entrust the administration thereof to an agent outside the People's Republic of China. The original register of shareholders of H shares shall be kept in Hong Kong.

A duplicate of the register of shareholders with overseas listed foreign shares shall be maintained in the location of the Company. The appointed overseas agent shall ensure the consistency between the original and the duplicate of such share register.

When the original and duplicate of the register of shareholders with overseas listed foreign shares are inconsistent, the original shall prevail.

#### Article 42

Upon documents provided by the securities registration authority, the Company shall establish the register of shareholders. The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

- (I) The register of shareholders kept in the location of the Company other than those specified in Items (II) and (III) of this paragraph;
- (II) The register of shareholders with overseas listed foreign shares kept in the place of the stock exchange outside the People's Republic of China on which the shares are listed; and
- (III) The register of shareholders kept in such other places as the Board of Directors may decide necessary for listing purpose.

#### Article 43

The various parts of the register of shareholders shall not overlap one another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Changes and corrections to each part of the register of shareholders shall be made in accordance with the law of the places where each part is kept.

#### Article 44

The transfer of all the overseas listed foreign shares shall adopt general or common forms (including but not limited to the Standard Letter of Assignment compiled by SEHK) or any other written transfer documents in the form accepted by the Board of Directors; such documents can only be signed manually without any seal. Provided the shareholder is a recognized clearing company or its proxy defined in Securities and Futures (Clearing

House) Ordinance (Chapter 420 of the Laws of Hong Kong), the transfer form can be signed in the form of mechanical printing.

All the fully paid-up overseas listed foreign shares listed on the Main Board of SEHK can be freely transferred in accordance with the Articles of Association (except the limited conditions permitted by SEHK. However, the Board of Directors may refuse to recognize any instrument of transfer without giving any reason, unless meeting the following conditions:

(I) A fee of two and fifty cents Hong Kong dollars or any higher fee as agreed by SEHK has been paid to the Company for registration of any instrument of transfer or other document which is related to or will affect the ownership of the shares;

(II) The instrument of transfer only involves the overseas listed foreign shares listed on the Main Board of SEHK;

(III) The stamp duty chargeable for the instrument of transfer has been paid;

(IV) Relevant stocks and evidences certifying the right of the transferor to transfer the stocks upon the reasonable request of the Board of Directors have been submitted;

(V) If it is intended to transfer the shares to joint owners, then the maximum number of joint owners shall not exceed four; and

(VI) The Company does not have any lien on the relevant shares.

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

#### Article 45

No changes due to share transfers may be made to the register of shareholders within thirty days prior to a Shareholders' Meeting or five days prior to the reference date set by the Company for the purpose of distribution of dividends.

#### Article 46

When the Company convenes a Shareholders' Meeting, distributes dividends, liquidates or carries out other acts to confirm the equity interests, the Board of Directors or the convener of the Shareholders' Meeting shall decide a date for determination of equity interests. Shareholders whose names appear on the register at the end of that day shall be the shareholders of the Company.

#### Article 47

Any person that challenges the register of shareholders and requires his name (title) to be entered into or removed from the register may apply to a competent court for correction of the register.

#### Article 48

Applications for the reissuance of stocks held by holders of overseas listed foreign shares



who have lost their certificates may be dealt with in accordance with the law, stock exchange regulations or other relevant regulations of the place where the original register of shareholders with overseas listed foreign shares is kept.

If the holders of H shares apply for reissuance of their stocks after losing their certificates, such reissuance shall comply with the following requirements:

(I) The applicant shall submit an application in the form prescribed by the Company with a notarial certificate attached or a statutory declaration. The notarial certificate or statutory declaration shall include the applicant's reason for the application, the circumstances and proof about the loss of the stock and a declaration that no other person may require registration as a shareholder in respect of the relevant shares;

(II) 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 reissue a new stock;

(III) If the Company decides to reissue a new stock to the applicant, it shall publish a public announcement of its intention to do so in the newspapers or periodicals designated by the Board of Directors; the period of the public announcement shall be ninety days, during which such announcement shall be published repeatedly at least once every thirty days;

(IV) Before publishing a public announcement of its intention to reissue a new stock, the Company shall submit a copy of the announcement to be published to the stock exchange where it is listed and may proceed with publication after having received a reply from the stock exchange confirming that the announcement has been displayed in the stock exchange. The Company shall display the public announcement in the stock exchange for a period of ninety days;

If the application for reissuance of a stock is not approved by the registered holders of the relevant shares, the Company shall mail to such shareholder a copy of the public announcement that it intends to publish;

(V) At the expiration of the 90-day period stated in Items (III) and (IV) hereof, if the Company has not received any objection to the reissuance of the stock from any person, it may reissue a new stock according to the application of the applicant;

(VI) When the Company reissues a new stock according to this Article, it shall immediately cancel the original stock and record such cancellation and reissuance in the register of shareholders; and

(VII) All expenses of the Company for the cancellation of the original stock and the reissuance of the stock shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant has provided reasonable security.

#### Article 49

After the Company has reissued a new stock in accordance with the Articles of Association, it shall not delete from the register of shareholders the name (title) of a bona fide purchaser of the new stock mentioned above or of a shareholder that is subsequently

registered as the owner of the shares (provided that he is a bona fide purchaser).

#### Article 50

The Company shall not be liable for any damages suffered by any person from the cancellation of the original stock or the reissuance of the stock, unless the claimant can prove a fraud on the part of the Company.

## **Chapter 8 Shareholders & Shareholders' Meeting**

### **Section 1 Shareholders**

#### Article 51

The Company's shareholders are persons that lawfully hold shares of the Company and whose names (titles) are entered in the register of shareholders.

Shareholders shall enjoy rights and have obligations according to the category and number of shares held by them. Holders of shares of the same category shall enjoy equal rights and have equal obligations.

The Company's holders of domestic shares, foreign shares and overseas listed foreign shares are all the shareholders of ordinary shares, enjoying equal rights and having equal obligations.

#### Article 52

If two or more people are registered as joint holders of any shares, they shall be regarded as the conjunct owner of the corresponding shares.

If one joint shareholder dies, only the other surviving joint shareholders shall be deemed as owner of relevant shares, but the Board of Directors is empowered to require the Death Certificate or documents that it thinks is proper for the purpose of amending the register of shareholders.

For joint shareholders of any shares, only the shareholder who ranks the first place in the register of shareholders is entitled to receive stocks of relevant shares and notices of the Company, to attend the Shareholders' Meeting or to exercise all of the voting rights of relevant shares, apart from that, any notice sent to the aforesaid person shall be deemed to having been sent to all joint holders of relevant shares.

#### Article 53

Holders of ordinary shares of the Company shall enjoy the following rights:

(I) To obtain dividends and other profit distributions on the basis of the number of shares held by them;

- (II) To request, convene, preside over, attend or appoint the shareholders' proxies to participate in Shareholders' Meetings and exercise the corresponding voting rights according to law;
- (III) To supervise and control the Company's business activities, and raise suggestions and inquiries;
- (IV) To transfer, bestow or pledge their shares in accordance with laws, administrative regulations and the Articles of Association;
- (V) To obtain relevant information in accordance with the Articles of Association, including:
  - 1. Obtaining the Articles of Association after payment of costs;
  - 2. Being entitled to browse and make a copy, after payment of reasonable charges, of:
    - (1) All parts of the register of shareholders;
    - (2) Personal information of the directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel of the Company, including:
      - (a) Current and previous names and aliases;
      - (b) Main address (domicile);
      - (c) Nationality;
      - (d) Full-time and all other part-time occupations and duties;
      - (e) Identification documents and their numbers; and
      - (f) Financial reports.
    - (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 category of shares repurchased by the Company since the last fiscal year as well as all expenses paid by the Company therefore;
    - (5) Minutes of the Shareholders' Meeting;
    - (6) Counterfoils of the Company's bonds;
    - (7) Minutes of the Shareholders' Meeting;
    - (8) Resolutions of the Board Meeting;
    - (9) Resolutions of the Supervisors' Meeting; and
    - (10) Financial reports;
- (VI) To participate in the distribution of the remaining property of the Company according to their shareholding proportion when the Company is terminated or liquidated;
- (VII) The Company shall not exercise any rights or damnify the rights attached to any shares held by any persons directly or indirectly having rights and interests in the way of freezing or other ways only because they do not disclose their rights and interests to the Company;
- (VIII) To request the Company to repurchase the shares of shareholders who object to resolutions of the Company's merger and division; and
- (IX) Other rights conferred by laws, administrative regulations and the Articles of Association.

#### Article 54

If the shareholders request to check relevant information or ask for materials listed in the preceding Article, they shall provide written documents which prove the category and number of their shares. The Company shall check their status and provide the materials requested upon verification.

#### Article 55

If the resolutions of the Shareholders' Meeting and the Board Meeting violate laws and administrative regulations, the shareholders have the right to request the People's Court to judge such resolutions to be invalid.

If the convening procedures and voting ways of the Shareholders' Meeting and the Board Meeting violate laws, administrative regulations or the Articles of Association, or the resolutions violate the Articles of Association, the shareholders have the right to request the People's Court to cancel the aforesaid within 60 days after the resolutions are made.

#### Article 56

If directors and senior management personnel violate laws, administrative regulations or the Articles of Association and cause losses to the Company when performing their duties, the shareholders individually or jointly holding over 1% of the shares of the Company for more than 180 continuous days have the right to request the Board of Supervisors in written form to file a suit in the People's Court; if the Board of Supervisors violates laws, administrative regulations and the Articles of Association and causes losses to the Company when performing its duties, the shareholders may request the Board of Directors in written form to file a suit in the People's Court.

If the Board of Supervisors and the Board of Directors refuse to file a suit after receiving a written request of shareholders prescribed in the above Article, or fail to file a suit within 30 days after receiving the request, or fail to immediately file a suit due to emergency, causing irretrievable damage to the benefits of the Company, the shareholders prescribed in the above article, in their own names, have the right to directly file a suit in the People's Court.

If others infringe the lawful rights and interests of the Company and cause losses to the Company, the shareholders prescribed in the first paragraph of this Article may file a suit in the People's Court according to the regulations of the above two paragraphs.

#### Article 57

If directors and senior management personnel violate laws, administrative regulations or the Articles of Association and damage the profits of shareholders, the shareholders may file a suit in the People's Court.

#### Article 58

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

- (I) To abide by laws, administrative regulations and the Articles of Association;
- (II) To pay the shares on the basis of the shares subscribed by them and the method of capital injection;
- (III) Not allowed to withdraw shares, except for the cases regulated by laws and regulations;
- (IV) Not allowed to abuse the rights of shareholders to damage the profits of the Company or other shareholders, or to abuse the legal person's independent status in the Company and the limited liability of shareholders to damage the benefits of creditors; and  
The shareholders who abuse shareholders' rights and cause losses to the Company or to other shareholders shall bear the liability for compensation according to law.  
The shareholders who abuse the legal person's independent status in the Company and the limited liability of the shareholders, escape debts and severely damage the benefits of creditors shall bear joint and several liabilities for the Company's debts.
- (V) Other obligations stipulated 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 by the subscriber of relevant shares on subscription.

#### Article 59

Provided the shareholders who hold over 5% of the voting shares of the Company pledge their shares, they shall report to the Company in writing on the very day.

#### Article 60

In addition to obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which the shares of the Company are listed, controlling shareholders (according to the definition in the following article) 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:

- (I) To relieve a director or supervisor of the responsibility to act honestly in the best interest of the Company;
- (II) To approve a director or supervisor (for his own or another person's benefit) to deprive the Company of its property in any way, including (but not limited to) any opportunities that are favorable to the Company; or
- (III) To approve a director or supervisor (for his own or another person's benefit) to deprive other shareholders of their rights or interests, including (but not limited to) allocation rights and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the Shareholders' Meeting in accordance with the Articles of Association.

#### Article 61

For the purpose of the preceding Article, the term controlling shareholder shall refer to a person that satisfies any of the following conditions:

(I) The shareholder whose stocks account for more than 50% of the total share capital of the Company;

(II) The shareholder whose voting power has a great influence on the resolutions of the Shareholders' Meeting although his stocks account for less than 50%, including the following circumstances:

1. He, acting alone or in concert with others, has the power to elect more than half of the directors; and

2. He, acting alone or in concert with others, actually controls the Company in any other manner.

(III) According to laws, regulations and rules of the exchange stock at the listing place, if the controlling shareholder may be decided in compliance with the lower shareholding ratio (less than 50%) in different listing places of the Company, the lower shareholding ratio and the local rules shall be taken as the basis.

#### Article 62

The controlling shareholders and actual controllers of the Company shall not utilize the associated relationship to damage the profits of the Company. Those who violate regulations and cause losses to the Company shall bear the liability for compensation.

The controlling shareholders and actual controllers of the Company shall bear faithful obligations to the Company and the social public shareholders. The controlling shareholders shall exercise the contributors' rights strictly following the law, and shall not damage the legal rights and interests of the Company as well as the social public shareholders through profit distribution, assets reorganization, external investment, occupation of funds, loan guarantee, etc. and shall not utilize their controlling status to damage the benefits of the Company and the social public shareholders.

### **Section 2 Shareholders' Meeting**

#### Article 63

The Shareholders' Meeting shall be the organ of authority of the Company and shall exercise the functions and powers according to law.

#### Article 64

The Shareholders' Meeting shall exercise the following functions and powers:

(I) To decide the business policies and investment plans of the Company;

(II) To elect and replace directors and decide those matters concerning the remuneration of directors;

(III) To elect and replace the supervisors who are not worker representatives and decide

those matters concerning the remuneration of supervisors;

- (IV) To examine and approve the report of the Board of Directors;
- (V) To examine and approve the report of the Board of Supervisors;
- (VI) To examine and approve the Company's annual financial budget and final accounting proposals;
- (VII) To examine and approve the Company's plans for profit distribution and making up losses;
- (VIII) To make resolutions concerning the increase or reduction of the Company's registered capital;
- (IX) To make resolutions on matters such as the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (X) To make resolutions on the issuance of bonds by the Company;
- (XI) To pass resolutions on the employment, dismissal or refusal of employment of accounting firms by the Company;
- (XII) To examine and approve the guarantee items specified in Article 65;
- (XIII) To amend the Articles of Association of the Company;
- (XIV) To examine the proposals raised by the shareholders representing three percent (including three percent) or more of the Company's voting shares;
- (XV) To examine and approve matters of material assets purchased and sold within one year which exceeds the total assets of the Company by 30% upon the latest auditing;
- (XVI) To examine and approve proposals for changing the purpose of the raised funds;
- (XVII) To examine and approve the stock right incentive plan; and
- (XVIII) Other matters that laws, administrative regulations and the Articles of Association require to be resolved by the Shareholders' Meeting.

#### Article 65

The following guarantees of the Company shall be examined and approved by the Shareholders' Meeting:

- (I) Any guarantee provided after the total guarantee amount of the Company and its holding companies reach or exceed the net assets by 50% upon the latest auditing;
- (II) Any guarantee that exceeds the total assets of the Company by 30% upon the latest auditing, according to the principle of accumulated calculation of the amount of guarantee for 12 successive months;
- (III) Any guarantee provided for the guaranteed party whose asset-liability ratio exceeds 70%;
- (IV) Any guarantee, in which the amount of a single guarantee exceeds the net assets by 10% upon the latest auditing;
- (V) Any guarantee provided for a shareholder, actual controller and the relevant associated party; and
- (VI) Any guarantee that exceeds the net assets of the Company by 50% and with the absolute amount higher than RMB 50 million yuan upon the latest auditing, according to

the principle of accumulated calculation of the amount of guarantee for 12 successive months;

#### Article 66

Except for special situations such as crisis, the Company shall not sign contracts to consign other person to be in charge of the management of all or part of important business with people other than directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel of the Company.

#### Article 67

The Shareholders' Meeting shall include Annual Shareholders' Meeting and Interim Shareholders' Meeting. Generally, the Shareholders' Meetings shall be convened by the Board of Directors. The Annual Shareholders' Meeting shall be convened once a year and shall be held within six months following the preceding fiscal year.

The Board of Directors shall convene an Interim Shareholders' Meeting within two months in case of occurrence of any of the following circumstances:

- (I) The number of directors is less than the number specified in the *Company Law* or less than two thirds required by the Articles of Association;
- (II) The losses of the Company that have not been made up reach one third of the total share capital of the Company;
- (III) Shareholders individually or jointly holding over 10% of the Company's voting shares require in writing an Interim Shareholders' Meeting to be convened;
- (IV) The Board of Directors considers that there is a need or the Board of Supervisors proposes a meeting; and
- (V) Other conditions specified by laws, administrative regulations, department rules or the Articles of Association.

#### Article 68

The place of the Company to hold the Shareholders' Meeting is the location of the Company or other places specified in the meeting notice sent by the convener of the Shareholders' Meeting.

The Shareholders' Meeting shall arrange the meeting hall and shall be held in the form of live meeting. The Company shall also provide convenience for shareholders to take part in the Shareholders' Meeting through network or other methods. The shareholders who attend the Shareholders' Meeting through the above methods are deemed as being present at the meeting.

#### Article 69

The Company shall engage lawyers to give legal opinions on the following matters and make an announcement when holding the Shareholders' Meeting:



- (I) Whether the convening and holding procedures of the meeting accord with laws, administrative regulations and the Articles of Association;
- (II) Whether the qualification of those present at the meeting and the convener is legal and valid;
- (III) Whether the voting procedures and voting results of the meeting are legal and valid; and
- (IV) Legal opinions given to other relevant matters as required by the Company.

#### Article 70

The independent director has the right to give proposal to the Board of Directors to hold the Interim Shareholders' Meeting. For such proposal made by the independent director, the Board of Directors, according to laws, administrative regulations and the Articles of Association, shall give written feedback to agree or disagree to hold the Interim Shareholders' Meeting within 10 days after receiving the proposal.

Provided the Board of Directors agrees to hold the Interim Shareholders' Meeting, a notice shall be given within 5 days after the Board of Directors makes such a resolution; if the Board of Directors disagrees to hold the Interim Shareholders' Meeting, reasons shall be explained and announced.

#### Article 71

The Board of Supervisors has the right to give proposal to the Board of Directors to hold the Interim Shareholders' Meeting in writing. The Board of Directors, according to laws, administrative regulations and the Articles of Association, shall give written feedback to agree or disagree to hold the Interim Shareholders' Meeting within 10 days after receiving the proposal.

If the Board of Directors agrees to hold the Interim Shareholders' Meeting, a notice shall be given within 5 days after the Board of Directors makes such a resolution. Changes to the original proposal in the notice shall be approved by the Board of Supervisors.

If the Board of Directors disagrees to hold the Interim Shareholders' Meeting or fails to give feedback within 10 days after receiving the proposal, it shall be deemed that the Board of Directors can not or does not fulfill the obligation to convene the Shareholders' Meeting and the Board of Supervisors shall convene and preside over the meeting by itself.

#### Article 72

The shareholders individually or jointly holding over 10% of the Company's shares with the voting power at the proposed meeting have the right to request the Board of Directors to hold the Interim Shareholders' Meeting or a meeting of shareholders of different categories in writing. According to laws, administrative regulations and the Articles of Association, the Board of Directors shall give written feedback to agree or disagree to hold the Interim Shareholders' Meeting within 10 days after receiving the proposal.

If the Board of Directors agrees to hold the Interim Shareholders' Meeting, a notice shall be given within 5 days after the Board of Directors makes such a resolution. Changes to the original proposal in the notice shall be approved by relevant shareholders.

If the Board of Directors disagrees to hold the Interim Shareholders' Meeting or fails to give feedback within 10 days after receiving the request, the shareholders individually or jointly holding over 10% of the Company's shares have the right to request the Board of Supervisors to hold the Interim Shareholders' Meeting in writing.

If the Board of Supervisors agrees to hold the Interim Shareholders' Meeting, a notice shall be given within 5 days after receiving the request. Changes to the original proposal in the notice shall be approved by relevant shareholders.

If the Board of Supervisors fails to give the notice of the Interim Shareholders' Meeting within the specified period, it shall be deemed that the Board of Supervisors does not convene or preside over the Shareholders' Meeting. Exceeding 90 continuous days, the shareholders individually or jointly holding over 10% of the Company's shares may hold the Interim Shareholders' Meeting by themselves.

#### Article 73

If the Board of Supervisors or shareholders hold the Shareholders' Meeting by themselves, the Board of Directors shall be noticed in writing and records should be put in the securities regulatory agency of the State Council in the location of the Company and the stock exchange where the Company is listed.

Before announcement of the resolution of the Shareholders' Meeting, the shareholding proportion of the shareholders to convene a meeting shall not be less than 10%.

When the shareholders to convene a meeting send a notice of the Shareholders' Meeting and an announcement of the resolution of the Shareholders' Meeting, relevant proving materials shall be submitted to the securities regulatory agency of the State Council in the location of the Company and the stock exchange where the Company is listed.

#### Article 74

The Board of Directors and the secretary of the Board of Directors should provide assistance for the Shareholders' Meeting convened by the Board of Supervisors or shareholders. The Board of Directors should provide the register of shareholders on the date of confirmation.

#### Article 75

Necessary expenses of the Shareholders' Meeting held by the Board of Supervisors or shareholders by themselves shall be born by the Company.

#### Article 76

Provided the Company intends to hold the Shareholders' Meeting, it shall send a written notice to all shareholders in the register of shareholders about the matters to be discussed

together with date and place of the meeting 45 days before the meeting. The shareholders to attend the Shareholders' Meeting shall send a written reply to the Company telling whether to attend the meeting or not 20 days before the meeting.

#### Article 77

The content of proposals shall be within the authority scope of the Shareholders' Meeting, which shall have definite subjects and specific resolution issues and accord with relevant regulations of the laws, administrative regulations and the Articles of Association.

#### Article 78

When the Company holds the Shareholders' Meeting, the Board of Directors, the Board of Supervisors and the shareholders individually or jointly holding over 3% of the shares of the Company have the right to submit proposals to the Company.

Shareholders individually or jointly holding over 3% of the shares of the Company may put forward interim proposal and submit to the convener in writing 10 days before the Interim Shareholders' Meeting.

The convener shall send a supplementary notice of the Shareholders' Meeting within 2 days after receiving the proposal and announce the content of the interim proposals.

Except for conditions specified in the preceding paragraph, the convener shall not alter the proposals listed in the notice or add new proposals after sending the notice and announcement of the Shareholders' Meeting.

Proposals not listed in the notice of the Shareholders' Meeting or in non-conformity with the regulations of Article 77 in this Articles of Association shall not be voted with a resolution in the Shareholders' Meeting.

#### Article 79

Based on the written reply received twenty days prior to a Shareholders' Meeting, the Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting. If the number of voting shares represented by the shareholders intending to attend the meeting is more than half of the total number of the Company's voting shares, the Company may hold the Shareholders' Meeting. If not, the Company shall within five days inform the shareholders once again of the matters to be examined at the meeting as well as the date and place of the meeting in the form of a public announcement. Upon notification by public announcement, the Company may hold the Shareholders' Meeting.

Interim Shareholders' Meeting may not decide the matters not specified in the notice or announcement.

#### Article 80

The notice of a Shareholders' Meeting shall meet the following requirements:

(I) It shall be made in written form;

- (II) It shall specify the place, date and time of the meeting;
- (III) It shall include the issues and proposals to be discussed at the meeting;
- (IV) It shall provide the shareholders with the information and explanations necessary for them to make a wise decision on the matters to be discussed. This principle shall apply (but not limit to) when the Company proposes a merger, repurchase of shares, reorganization of share capital or other restructuring, and it shall provide the specific conditions and contract (if any) of the transaction under discussions and earnestly explain the cause and result of the transaction;
- (V) It shall disclose the nature and extent of conflict of interests, if any, of any director, supervisor, general manager, deputy general manager, chief financial officer and other senior management personnel in any matter to be discussed; besides, is shall also provide an explanation of the difference, if any, between the way in which the matter to be discussed would affect that director, supervisor, general manager, deputy general managers, chief financial officer or other senior management personnel in his capacity as shareholder and the way in which that matter would affect other shareholders of the same category;
- (VI) It shall contain the full text of any special resolution proposed to be adopted at the meeting;
- (VII) It shall contain a conspicuous statement that shareholders entitled to attend and vote have the right to entrust one or more proxies to attend and vote on their behalf and that such proxy need not be a shareholder;
- (VIII) It shall state the date of confirmation of the shareholders who are eligible to attend the Shareholders' Meeting
- (IX) It shall state the time and place for the delivery of the meeting's proxy's forms; and
- (X) It shall also include name and phone number of the contact person regarding the meeting

#### Article 81

The notice of a Shareholders' Meeting shall be delivered to the shareholders (whether or not entitled to vote thereat) by specially assigned person or prepaid mail to the recipient's address shown in the register of shareholders. For holders of domestic shares, the notice of a Shareholders' Meeting may also be given by public announcement. For holders of overseas listed foreign shares, notice of the Shareholders' Meeting, letter to the shareholders and relevant documents can also be informed by way of being published on the Company's website and SEHK's website according to the *Listing Rules of SEHK* and following relevant procedures as well as listening to the shareholders' will.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers or periodicals designated by the securities regulatory authority of the State Council during the period between forty-five and fifty days before the meeting is held. Once the announcement is made, all holders of domestic shares shall be deemed to have received the notice of the relevant Shareholders' Meeting. For the notice of the Shareholders' Meeting, letter to the shareholders and relevant documents to be sent to the holders of overseas listed foreign shares, the Company may only send the English version

or the Chinese version of the notice of the Shareholders' Meeting and relevant documents according to the *Listing Rules of SEHK* and following relevant procedures as well as listening to the shareholders' will.

#### Article 82

When the Shareholders' Meeting intends to discuss the voting matters of the directors and supervisors, the detailed information of the candidates of supervisors and directors shall be fully disclosed, at least including the following information:

- (I) Personal information such as educational background, work experience and part-time job;
- (II) Whether the candidates have associated relationship with the Company or the controlling shareholders and actual controllers or not;
- (III) Disclosure of shares of the Company held by them; and
- (IV) Whether the candidates are punished by CSRC and other relevant departments and disciplined by the stock exchange.

Besides electing directors and supervisors through cumulative voting system, each candidate of the director and supervisor shall be put forward through single proposal.

#### Article 83

The Shareholders' Meeting shall not be postponed or canceled without any justifiable reasons once the notice of the meeting is served. The proposals listed in the notice of the Shareholders' Meeting shall not be cancelled. Once the meeting is postponed or cancelled, the convener shall make an announcement and state reasons at least 2 working days before the originally determined date of the meeting.

A meeting and the resolutions adopted thereat shall not be invalidated as a result of the accidental omission to give notice of the meeting to, or the failure of receiving such notice by, a person entitled to receive such notice.

#### Article 84

The Board of Directors and other conveners of the Company shall take necessary precautions to ensure normal order of the Shareholders' Meeting. Precautions shall be taken to prevent behaviors that interfere with the Shareholders' Meeting, stir up trouble and infringe legal rights and interests of shareholders, which shall be timely reported to relevant departments for investigation.

#### Article 85

All shareholders and their proxies recorded on the date of confirmation shall have right to attend the Shareholders' Meeting and exercise the voting power according to laws, regulations and the Articles of Association.

Shareholders may either attend the Shareholders' Meeting in person or entrust a proxy to attend the meeting and make decisions for them.

Shareholders who attend the Meeting in person shall show the stock account card, identification card, or other valid documents or certificates to show their identity; the proxy entrusted by shareholders to attend the meeting shall provide his identification card and the power of attorney of the shareholder.

The legal representative or proxy entrusted by the legal person shareholder may attend the meeting. When a legal representative attends the meeting, he shall present his identification card and an effective evidence of his qualification as a legal representative; when an entrusted proxy attends the meeting, he shall present his identification card and the power of attorney in writing issued to him by the legal representative of a legal person shareholder.

Any shareholder entitled to attend and vote at a Shareholders' Meeting shall have the right to appoint one or more persons (who need not be shareholders) as his proxies to attend and vote on his behalf. Such proxy may exercise the following rights according to the entrustment of the shareholder:

- (I) The shareholder's right to speak at the Shareholders' Meeting; and
- (II) The right to vote.

#### Article 86

Shareholders shall entrust their proxies by written instruments signed by the entrusting parties or such proxies. Provided the entrusting party is a legal person, the instrument shall be sealed by the legal person or signed by its directors or duly authorized proxies.

#### Article 87

A power of attorney issued by a shareholder to entrust another person as proxy to attend a meeting shall contain the following contents:

- (I) The name of the proxy;
- (II) Whether with the voting power;
- (III) The instruction to the proxy on every item to be discussed at the meeting, whether to approve, oppose or abstain;
- (IV) The issuing date and validation period of the power of attorney; and
- (V) The signature of the entrusting party (or his seal). If the entrusting party is a legal person shareholder, then the unit's seal shall be affixed.

#### Article 88

The instrument appointing a voting proxy shall be placed at the place of the Company or at such other place as specified in the notice of the meeting within twenty-four hours prior to the meeting at which the proxy is authorized to vote or within twenty-four hours prior to the specified time of the voting. Provided the instrument is signed by another person authorized by the entrusting party, the power of attorney or other document authorizing the signature shall be notarized. The notarized power of attorney or other authorization document shall be placed together with the instrument appointing the voting proxy at the place of the Company or at such other place as specified in the notice of the meeting.

If the entrusting party is a legal person, its legal representative or the person authorized by a resolution of the Board of Directors or other decision-making body shall be entitled to attend the Company's Shareholders' Meetings as the representative of such legal person.

#### 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 an affirmative or negative vote and enable the shareholders to give separate instructions on each matter to be voted during discussions at the meeting. The instrument of appointment shall specify that in the absence of instructions from the shareholder, the proxy may vote as he thinks fit.

#### Article 90

Provided the entrusting party has died, lost capacity for acts, revoked the proxy or the signed instrument of appointment prior to the voting, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of instrument of proxy shall remain valid as long as the Company doesn't receive a written notice of the event before the commencement of the relevant meeting.

#### Article 91

A meeting registration book of attendees shall be prepared by the Company. It shall contain such information as the name (or unit name) of the attendee, the number of the identification card, address, the number of shares held or voting shares represented, the name of the entrusting party (or unit name), etc.

#### Article 92

The convener and the lawyer engaged by the Company shall jointly verify the validity of the Shareholders' qualification according to the register of shareholders provided by the Securities Depository and Clearing Institutions and register the name (or title) of shareholders and the voting shares held by them. The meeting registration shall be stopped before the meeting presider declares the number of shareholders and proxies present at the live meeting and the total voting shares.

#### Article 93

All directors, supervisors and the secretary of the Board of Directors of the Company shall attend the Shareholders' Meeting. The general manager and other senior management personnel shall also attend the meeting as non-voting delegates.

#### Article 94

The Shareholders' Meeting shall be presided over by the chairman of the Board of Directors as the presider of the meeting. If the chairman can not fulfill or doesn't fulfill his

duties, the deputy chairman shall preside over the meeting as the presider. If the deputy chairman can not fulfill or doesn't fulfill his duties, the shareholders present at the meeting may elect one person as the presider. If the shareholders fail to elect a presider due to any reason, the shareholder (including the shareholder's proxy) present at the meeting with the most voting shares shall be the presider of the meeting.

The Shareholders' Meeting convened by the Board of Supervisors shall be presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors can not fulfill or doesn't fulfill his duties, the meeting shall be presided over by one supervisor elected by over half of the supervisors.

The Shareholders' Meeting convened by shareholders themselves shall be presided over by the representative elected by conveners.

During the Shareholders' Meeting, if the meeting can not be continued due to violation of the rules of procedure by the meeting presider, upon consent of over half of the present shareholders with voting power, one person can be elected as the presider by the Shareholders' Meeting to continue the meeting.

#### Article 95

The Company shall prepare the rules of procedure of the Shareholders' Meeting to stipulate the convening and voting procedure in detail including notice, registration, examination of proposals, voting, vote counting, declaration of voting results, determination of meeting resolutions, meeting minutes and subscription, announcement, etc., as well as the authorization principle of the Shareholders' Meeting to the Board of Directors. The authorization should be specific in content. The rules of procedure of the Shareholders' Meeting shall be taken as the annex of the Articles of Association, drawn up by the Board of Directors and approved by the Shareholders' Meeting.

#### Article 96

The Board of Directors and the Board of Supervisors shall give reports on the work in the past year in the Annual Shareholders' Meeting. Besides, each independent director shall report his work.

#### Article 97

Directors, supervisors and senior management personnel shall explain and account for shareholders' inquiries and suggestions in the Shareholders' Meeting.

#### Article 98

The meeting presider shall declare the number of present shareholders and proxies and the total voting shares held by them. All such shares shall be in conformity with the number in the meeting registration.

#### Article 99



The secretary of the Board of Directors shall be in charge of the minutes of the Shareholders' Meeting, including the following contents:

- (I) The time, location, agenda, name or title of the convener of the meeting;
- (II) Name of the meeting presider and directors, supervisors, general manager and other senior management personnel present at the meeting or attending the meeting as non-voting delegates;
- (III) The number of shareholders and proxies present at the meeting, total voting shares held by them and the proportion of the total shares of the Company;
- (IV) The examination procedure, key points of the speech and voting result of each proposal;
- (V) Inquiries or suggestions of the shareholders and corresponding answers or explanations;
- (VI) Name of the vote counter and counting witness; and
- (VII) Other content that should be recorded into the meeting minutes specified by the Articles of Association.

#### Article 100

The convener shall ensure the truth, accuracy and integrity of the meeting minutes. The present directors, supervisors, the secretary of the Board of Directors, convener or the representative and the meeting presider shall sign on the meeting minutes which shall be kept together with the signing book of shareholders present at the live meeting and the power of attorney for proxy, effective materials of the voting by network or other methods for a term of at least 10 years.

#### Article 101

The convener shall ensure the Shareholders' Meeting to be held continuously until the final resolution is made. If the Shareholders' Meeting is stopped or fails to make resolutions due to special reasons such as force majeure, necessary precautions shall be taken to resume the Shareholders' Meeting as soon as possible or directly terminate the Shareholders' Meeting with a timely announcement. Meanwhile, the convener shall submit a report to the securities regulatory agency of the State Council in the location of the Company and the stock exchange where the Company is listed.

#### Article 102

Resolutions of the Shareholders' Meeting include ordinary resolutions and special resolutions.

Ordinary resolutions of the Shareholders' Meeting shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the meeting.

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

#### Article 103

The voting system shall be adopted when the shareholders take a vote.

When shareholders (including proxies) vote at the Shareholders' Meeting, they shall exercise their voting rights according to the number of voting rights that they represent. Except for the cumulative voting system, each share shall carry one voting right.

In accordance with the Listing Rules, the shareholders shall abandon the rights to vote regarding to any individual resolutions or be limited to vote for or against any individual resolutions; and any vote violating the above regulations or the limited votes or votes representing relevant shareholders shall not be counted.

The shares held by the Company shall not enjoy the voting power and such shares shall not be included in the total voting shares present at the Shareholders' Meeting.

The Board of Directors, independent directors and shareholders meeting relevant conditions may collect the shareholders' voting power.

#### Article 104

When the Shareholders' Meeting reviews the items of relevant related transactions, the related shareholders shall not participate in the voting, and their shares with voting rights shall not be included in the total number of voting; the announcement of the resolutions of the Shareholders' Meeting shall fully disclose the voting situation of the non-related shareholders.

#### Article 105

The Company shall, on the premise of ensuring the validity and effectiveness of Shareholders' Meeting, provide convenience for shareholders to attend the meeting through various methods and ways, including modern information technology such as network voting platform.

#### Article 106

The candidates' name list of directors and supervisors shall be submitted to the Shareholders' Meeting in proposal for voting.

When the Shareholders' Meeting takes a vote to elect directors and supervisors, the cumulative voting system may be adopted according the Articles of Association or the resolutions of the Shareholders' Meeting.

For the purpose of the above paragraph, the term "cumulative voting system" means that when the Shareholders' Meeting elects a director or supervisor, each share shall have the voting power equal to the number of the director's candidates or the supervisor's candidates. Shareholders may use their voting power cumulatively. The Board of Directors shall make an announcement about the resume and basic information of the candidates of the director or supervisor to the shareholders.

#### Article 107

Except for the cumulative voting system, the Shareholders' Meeting shall vote on all proposals one by one. Different proposals for the same issue shall be voted on according to the time order of proposals. The Shareholders' Meeting shall not postpone or stop to vote on proposals except that the Shareholders' Meeting is stopped or can not make resolutions due to special reasons such as force majeure.

#### Article 108

The Shareholders' Meeting shall not make any change when examining proposals. Otherwise, relevant changes shall be deemed as a new proposal which can not be voted on in this Shareholders' Meeting.

#### Article 109

The same voting power can only be exercised through one way of live meeting, network or other voting methods. If the same voting power repeats in voting, the first voting result shall prevail.

#### Article 110

Before voting on proposals in the Shareholders' Meeting, two shareholder representatives shall be elected to take part in vote counting and counting witnessing. The shareholders and proxies shall not take part in vote counting and counting witnessing if there is an interest between examined issues and shareholders.

The lawyer, shareholder representative and supervisor representative shall jointly be in charge of vote counting and counting witnessing when voting on proposals in the Shareholders' Meeting and the voting results shall be announced in the meeting and recorded into the meeting minutes.

The shareholders or their proxies of the listed companies who vote through network or other methods have the right to check their voting results through corresponding voting system.

#### Article 111

When a ballot is held, the shareholders (including proxies) having the right to two or more votes need not use all of their voting rights in the same way.

#### Article 112

The closing time of the live Shareholders' Meeting shall not be prior to the network or other methods. The meeting presider shall announce the voting situation, the result of each proposal and whether the proposal is passed according to the voting result.

#### Article 113

Before announcing the voting result, relevant parties involved in the scene of the Shareholders' Meeting, network or other voting methods such as companies, vote counters,

counting witnesses, principal shareholders and network service parties shall bear the obligation of confidentiality for the voting situation.

#### Article 114

Shareholders present at the Shareholders' Meeting shall address one of the following opinions on proposals submitted for voting: consent, objection or abstention.

Blank, wrong, illegible votes and unexercised votes shall be deemed that the voter gives up the voting power and the voting result of the shares held by him shall be counted as "abstention".

#### Article 115

The resolutions of the Shareholders' Meeting shall be timely announced and the announcement shall include the number of shareholders and proxies present at the meeting, total voting shares held by them and the proportion of the total voting shares of the Company, voting methods, voting result of each proposal and detailed content of each adopted resolution.

#### Article 116

Proposals not adopted or resolutions of the former Shareholders' Meeting changed in this Shareholders' Meeting shall be specially pointed out in the resolution of the Shareholders' Meeting.

#### Article 117

If proposals on the election of directors and supervisors are adopted in the Shareholders' Meeting, the time for new directors and supervisors to take office shall be counted from the closing date of the Shareholders' Meeting.

#### Article 118

The Company shall take specific plans to carry out proposals on share capital increase through cash granting, share granting or reserve fund adopted in the Shareholders' Meeting within 2 months after the closing date of the Shareholders' Meeting.

#### Article 119

The following matters shall be resolved by way of an ordinary resolution of the Shareholders' Meeting:

- (I) Work reports of the Board of Directors and the Board of Supervisors;
- (II) Plans for the distribution of profits and making up of losses drafted by the Board of Directors;
- (III) Removal of members of the Board of Directors and the Board of Supervisors who are not worker representatives, their remuneration and methods of payment of their remuneration;

- (IV) The Company's annual budgets, final reports, balance sheets, profit statements and other financial statements;
- (V) Annual reports of the Company; and
- (VI) Matters other than those required to be passed by way of a special resolution in accordance with laws, administrative regulations or the Articles of Association.

#### Article 120

The following matters shall be resolved by way of a special resolution of the Shareholders' Meeting:

- (I) Increase or reduction of the Company share capital and issuance of any category of stocks, warrants or other similar securities;
- (II) Issuance of Company's bonds;
- (III) Division, merger, change of corporate form, dissolution and liquidation of the Company;
- (IV) Amendment of the Articles of Association of the Company;
- (V) Matters related to material assets purchased and sold or guarantees within one year with an amount exceeding the total assets of the Company by 30% upon the latest auditing;
- (VI) Stock right incentive plans; and
- (VII) Other matters that, as resolved by way of an ordinary resolution of the Shareholders' Meeting, may have a significant impact on the Company and require adoption by way of a special resolution according to laws, administrative regulations or the Articles of Association.

#### Article 121

The Shareholders' Meeting shall be convened and presided over by the chairman of the Board of Directors as the presider of the meeting. If the chairman of the Board of Directors can't attend such a meeting for any reason, the meeting shall be convened and presided over by the deputy chairman of the Board of Directors as the presider of the meeting. If neither the chairman nor the deputy chairman of the Board of Directors is unable to attend the meeting, the chairman of the Board of Directors may designate a director of the Company to convene and preside over the meeting on his behalf as the presider of the meeting. If no presider is designated, the shareholders attending the meeting may elect one person to preside over the meeting. If the shareholders are unable to elect a presider due to any reason, the shareholder (including the shareholder's proxy) present at the meeting with the most voting shares shall be the presider of the meeting.

#### Article 122

The presider of the meeting shall be responsible for deciding whether or not a resolution of the Shareholders' Meeting has been passed. His decision shall be final and shall be

announced at the meeting and recorded in the minutes of the meeting.

#### Article 123

If the presider of the meeting has any doubts about the result of a resolution put to the vote, he may count the number of the votes. If the presider of the meeting fails to count the votes, a shareholder or proxy attending the meeting who challenges the result announced by the presider of the meeting shall have the right to request counting of votes immediately after such announcement. In this case, the presider of the meeting shall immediately count the votes.

#### Article 124

If counting of votes is held at a Shareholders' Meeting, the result of the counting shall be recorded in the minutes of the meeting.

#### Article 125

The shareholders may examine copies of the minutes of meetings during the Company's office hours free of charge. If any shareholder demands from the Company a copy of relevant minutes of meetings, the Company shall send such copies within seven days starting from receiving payment of reasonable charges.

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

#### Article 126

Shareholders who hold different categories of shares shall be shareholders of different categories.

Shareholders of different categories shall enjoy rights and assume obligations in accordance with laws, administrative regulations and the Articles of Association.

#### Article 127

If the Company intends to change or abrogate the rights of shareholders of different categories, it may do so only after such change or abrogation has been approved by way of a special resolution of the Shareholders' Meeting and by a separate Shareholders' Meeting convened by the affected shareholders of different categories in accordance with Articles 128 to 132.

#### Article 128

The rights of shareholders of a certain category shall be deemed to have been changed or

abrogated in the following conditions:

- (I) An increase or decrease in the number of shares of such category or an increase or decrease in the number of shares of a category having voting rights, distribution rights or other privileges equal or superior to those of the shares of such category;
- (II) A change of all or part of the shares of such category into shares of another category, a conversion of all or part of the shares of another category into shares of such category or the grant of the right to such change;
- (III) A removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such category;
- (IV) A reduction or removal of a dividend preference or property distribution preference during liquidation of the Company, attached to shares of such category;
- (V) An addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights to rights issues or rights to acquire securities of the Company attached to shares of such category;
- (VI) A removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to shares of such category;
- (VII) A creation of a new category of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that category;
- (VIII) An imposition of restrictions or additional restrictions on the transfer or ownership of shares of such category;
- (IX) An issuance of rights to subscribe for, or convert into, shares of such category or another category;
- (X) An increase in the rights and privileges of shares of another category;
- (XI) Restructuring of the Company causes shareholders of different categories to bear liability to different extents during the restructuring; and
- (XII) An amendment or cancellation of the provisions of this Chapter.

#### Article 129

Shareholders of the affected category, whether or not otherwise having the right to vote at Shareholders' Meeting, shall have the right to vote at meetings of shareholders of different categories in respect of matters referred to in Items (II) to (VIII), (XI) and (XII) of Article 128, except that interested shareholders shall not have the right to vote at meetings of shareholders of different categories.

For the purposes of the preceding paragraph, the term interested shareholders shall have the following meanings:

- (I) If the Company has made a buy-back offer to all shareholders in the same proportion or has bought back its own shares through open transactions on a stock exchange in accordance with Article 30 hereof, the controlling shareholders as defined in Article 61 hereof shall be "interested shareholders";
- (II) If the Company has bought back its own shares by an agreement outside a stock exchange in accordance with Article 30 hereof, holders of share in relation to such

agreement shall be “interested shareholders”; or

(III) Under a restructuring proposal of the Company, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same category, or shareholders who have an interest in a restructuring proposal of the Company that is different from the interest in such restructuring proposal of other shareholders of the same category shall be “interested shareholders”.

#### Article 130

Resolutions of a meeting of shareholders of different categories may be passed only by more than two thirds of the voting rights of that category represented at the meeting in accordance with Article 129 hereof.

In accordance with the Listing Rules, if the shareholders of different categories shall abandon the rights to vote regarding to any special resolutions at the meeting of shareholders of different categories or be limited to vote for or against any special resolutions at the meeting of shareholders of different categories, any decisive votes violating the above regulations or the limited votes made by the shareholders or the shareholder representatives shall not be counted.

#### Article 131

When the Company is to hold a meeting of shareholders of different categories, it shall issue a written notice forty-five days prior to the meeting informing all the registered shareholders of that category of the matters to be examined at the meeting as well as the date and place of the meeting. Shareholders that intend to attend the meeting shall, within twenty days prior to the day of the meeting, deliver a written reply to the Company on meeting attendance.

If the number of share carrying the right to vote at the meeting represented by the shareholders intending to attend the meeting is more than half of the total number of shares of that category carrying the right to vote at the meeting, the Company may hold the meeting of shareholders of different categories. If not, the Company shall within five days inform the shareholders once again of the matters to be examined at the meeting and the date and place of the meeting in the form of a public announcement. Upon notification by public announcement, the Company may hold the meeting of shareholders of different categories.

#### Article 132

The notice of a meeting of shareholders of different categories needs to be delivered only to the shareholders entitled to vote thereat.

The procedures according to which a meeting of shareholders of different categories is held shall, to the extent possible, be identical to the procedures according to which a Shareholders’ Meeting is held. Provisions of the Articles of Association of the Company relevant to procedures for the holding of a Shareholders’ Meeting shall be applicable to



meetings of shareholders of different categories.

#### Article 133

Except other shareholders of different categories, holders of domestic shares, foreign shares and holders of overseas listed foreign shares are deemed to be shareholders of different categories.

The special voting procedures for shareholders of different categories shall not apply to the following circumstances:

(I) Provided, as approved by way of a special resolution of the Shareholders' Meeting, the Company issues, either separately or concurrently, domestic shares and overseas listed foreign shares every twelve months, and the number of the domestic shares and overseas listed foreign shares intended to be issued does not exceed twenty percent of the issued and outstanding shares of the respective categories; or

(II) Provided the plan for issuance of domestic shares and overseas listed foreign shares upon the establishment of the Company is completed within fifteen months of being approved by the securities governing authority of the State Council.

## **Chapter 10 Board of Directors**

#### Article 134

The Company shall establish a Board of Directors, which shall be responsible to the Shareholders' Meeting. The Board of Directors shall be composed of seven directors, who shall include three executive directors and four external directors (refer to the directors not taking the internal positions of the Company). The external directors include one non-executive director and three independent non-executive directors (refer to the directors not taking the internal positions of the Company and independent from the shareholders of the Company). The Board of Directors shall have one chairman and one or two deputy chairmen as required.

When the external directors perform their responsibilities, the Company shall provide them with necessary information materials.

The Board of Directors of the Company shall be independent from the controlling shareholders.

#### Article 135

Directors shall be elected by the Shareholders' Meeting and serve a term of three years. A director may serve consecutive terms if reelected upon the expiration of his term. The Shareholders' Meeting shall not dismiss a director without sufficient reason prior to the expiration of his term of office.

The term of office of directors shall be computed from the date of formal appointment to the expiration of the term of office of the Board of Directors. In the case of failure to timely

re-elect directors at the expiration of the term of office of directors, the incumbent directors shall continue performing their duties until the new directors assume office according to laws, administrative regulations, department rules and the Articles of Association.

Directors may be taken by general manager or other senior management personnel. But directors who hold concurrent posts of general manager or other senior management personnel and directors taken by worker representatives shall not exceed 1/2 of the total directors of the Company.

As regards the intentions of nominating candidates for directors and the written notice that the candidates accept the nomination shall be sent to the Company at least seven days before the convening of the Shareholders' Meeting.

The chairman and the deputy chairman of the Board of Directors shall be elected and removed by more than half of all the directors. The chairman and the deputy chairman of the Board of Directors shall serve a term of three years and may serve consecutive terms if reelected upon the expiration of their terms.

The Shareholders' Meeting, at the premise of abiding by the provisions of relevant laws and administrative regulations, may by ordinary resolution to remove any director (but without prejudice to any claim for damages under any contract) before the expiration of his term of office.

Any person appointed by the Board of Directors to fill a casual vacancy or as an addition to the directors shall hold office only until the next following Annual General Meeting of the Company, which shall then be eligible for re-election.

The directors of the Company shall be natural person. Directors need not be the shareholders of the Company.

The period for sending notices referred to in the preceding paragraph will commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of the Shareholders' Meeting.

#### Article 136

Directors shall follow the laws, administrative regulations and the Articles of Association and bear following faithful obligations to the Company:

(I) Directors are not allowed to abuse their authorities to accept bribes or other illegal income, and may not encroach on the Company's property;

(II) Directors are not allowed to misappropriate the property of the Company;

(III) Directors are not allowed to deposit the assets of the Company into an account in their own names or in any other individual's name.

(IV) Directors are not allowed to lend the funds of the Company to other people or provide guarantees for other people with the assets of the Company in violation of regulations of the Articles of Association or without consent of the Shareholders' Meeting or the Board of Directors;

(V) Directors are not allowed to execute any contract or engage in any transaction with the Company in violation of the Articles of Association or without consent of the

Shareholders' Meeting;

(VI) Without consent of the Shareholders' Meeting, directors shall not, taking advantage of their positions, seek for commercial opportunity which shall belong to the Company and engage in the same business as the Company in which he serves as a director or the general manager either for his own account or for any other person's account;

(VII) Directors are not allowed to possess the commission obtained from the transaction between others and the Company;

(VIII) Directors are not allowed to disclose confidential information of the Company;

(IX) Directors shall not make use of the associated relationship to damage the interest of the Company; and

(X) Other faithful obligations specified by the laws, administrative regulations, department rules and the Articles of Association.

Any income of directors by violating this article shall belong to the Company; if losses are caused to the Company, such directors shall bear the liability for compensation.

#### Article 137

Directors shall follow laws, administrative regulations and the Articles of Association and bear following assiduous obligations to the Company:

(I) Directors shall exercise their rights restrainedly, carefully and assiduously to ensure that the commercial activities of the Company are in accordance with laws, administrative regulations and the requirements of various national economic policies and do not exceed the Company's scope of business as regulated by the business license;

(II) Directors shall treat all shareholders equally;

(III) Directors shall timely know the business operation and management condition of the Company;

(IV) Directors shall subscribe on the periodic report with written confirmation opinions to ensure the truth, accuracy and integrity of the information disclosed by the Company;

(V) Directors shall submit relevant conditions and materials to the Board of Supervisors according to the facts and shall not interfere the Board of Supervisors or supervisors to exercise authorities; and

(VI) Other assiduous obligations specified by laws, administrative regulations, department rules and the Articles of Association.

#### Article 138

If a director fails to attend in person twice in succession, and hasn't authorized other director to attend the meeting, such director shall be regarded as failure to fulfill his obligations, and the Board of Directors shall suggest the Shareholders' Meeting for dismissal and replacement.

#### Article 139

Directors may resign before expiration of the term of office. The directors who ask for

resignation shall submit a written resignation report to the Board of Directors which shall disclose relevant conditions within 2 days.

If the resignation of directors leads to the number of the Board of Directors below the minimum quorum, before the accession of the re-elected director, the original directors shall fulfill their obligations according to laws, administrative regulations, department rules and the Articles of Association.

Except for the preceding paragraph, the resignation of directors shall take effect after the resignation report is submitted to the Board of Directors.

#### Article 140

If the resignation of a director takes effect or the term of office expires, such director shall complete all turnover procedures with the Board of Directors and his faithful obligations to the Company and the shareholders shall not be released after the term of office expires, which shall still be effective within the reasonable duration specified by the Articles of Association.

After the director leaves his post, he shall keep the commercial secrets of the Company until they are public. Except for the above-mentioned obligation of confidentiality, the director shall perform other faithful obligations to the Company in Article 136 of this Articles of Association after the resignation for two years.

#### Article 141

Unless specified in the Articles of Association or legal authorization by the Board of Directors, any director shall not take an action in his own name on behalf of the Company or the Board of Directors. The director shall state his position and identity when taking an action in his own name, provided the third party may consider it reasonable when such director takes an action on behalf of the Company or the Board of Directors.

#### Article 142

Directors shall bear the liability for compensation if losses are caused to the Company due to violation of the laws, administrative regulations, department rules and the Articles of Association during the implementation of duties.

#### Article 143

Independent directors shall take actions in accordance with laws, administrative regulations and department rules.

#### Article 144

The Board of Directors shall be accountable to the Shareholders' Meeting and shall exercise the following functions and powers:

(I) To be responsible for convening Shareholders' Meeting and to report on its work to the Shareholders' Meeting;

- (II) To implement the resolutions of the Shareholders' Meeting;
- (III) To decide on the business plans and investment plans of the Company;
- (IV) To formulate the proposed annual financial budgets and final accounts of the Company;
- (V) To formulate the plans for profit distribution and making up losses of the Company;
- (VI) To formulate the plans for increasing or decreasing the registered capital of the Company and plans for issuing bonds or other securities of the Company and plans for the listing;
- (VII) To formulate the plans for the material purchase and repurchase of shares of the Company, or for the merger, division, dissolution and changing corporate form of the Company;
- (VIII) To decide upon external investment, purchase and sale of assets, assets mortgage, external guaranty issues, entrustment of financing, associated transaction and other matters within the scope set forth by the Shareholders' Meeting;
- (IX) To decide on the establishment of the Company's internal management organization;
- (X) To engage or dismiss the general manager and the secretary of the Board of Directors; and, upon the recommendation of the general manager, to engage or dismiss the deputy general manager, chief financial officer and other senior management personnel of the Company, and to decide upon matters concerning their remuneration, rewards and punishment;
- (XI) To formulate the basic management system of the Company;
- (XII) To formulate proposals for amendment of the Articles of Association;
- (XIII) To manage the disclosure of information of the Company;
- (XIV) To submit to the Shareholders' Meeting a recommendation regarding the engagement or change of the accounting firm;
- (XV) To listen to and evaluate the work reports prepared by the general manager and to examine the work of the general manager;
- (XVI) Other rights specified by laws, administrative regulations, department rules or the Articles of Association.

Resolutions by the Board of Directors on matters referred to in the preceding paragraph may be passed by the affirmative vote of more than half of the directors with the exception of resolutions on matters referred to in Items (VI), (VII) and (XII), which shall require the affirmative vote of more than two thirds of all the directors. The related transactions of the Company shall take effect after being signed by the independent directors.

#### Article 145

The Board of Directors shall explain the non-standard auditing opinions on the financial reports of the Company issued by a CPA to the Shareholders' Meeting.

#### Article 146

The Board of Directors should prepare the rules of procedure to ensure the fulfillment of the Shareholders' Meeting's resolutions, increase working efficiency and ensure making

scientific decisions.

#### Article 147

When the Board of Directors disposes of fixed assets and the sum of the expected value of the consideration for the proposed disposal and the value of the consideration for disposal of fixed assets made in the four months immediately preceding the proposed disposal exceeds 33% of the value of the fixed assets shown in the last balance sheet placed before the Shareholders' Meeting, the Board of Directors may not dispose of the fixed assets without the prior approval of the Shareholders' Meeting.

For the purpose of this Article, the term "disposal of fixed assets" shall include the assignment of a certain interest in assets other than by way of security with fixed assets.

The validity of transactions whereby the Company disposes of fixed assets shall not be affected by the breach of the first paragraph hereof.

The Board of Directors shall define the limit of the authorities of external investment, purchase and sale of assets, assets mortgage, external guaranty issues, entrustment of financing, associated transaction and other matters, and establish strict examination and decision-making procedures. The significant investment projects shall be examined and appraised by relevant experts and professionals and submitted to the Shareholders' Meeting for approval.

Before making the policies in the aspects such as the market development, merger and acquisition and investment in new fields, as for the items with the investment amount or the merger and acquisition asset amount reaching over ten percent of the Company's total assets, the Company may employ social consulting institutions to provide professional opinions as the important basis for the policies of the Board of Directors.

#### Article 148

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

(I) To preside over the Shareholders' Meeting and to convene and preside over meetings of the Board of Directors;

(II) To supervise, urge and examine the implementation of resolutions of the Board of Directors;

(III) To sign bond certificates issued by the Company; and

(IV) Other functions and powers granted by the Board of Directors.

The deputy chairman of the Board of Directors shall assist the chairman's work. Provided the chairman can't perform his duties, the deputy chairman shall perform the duties in place of the chairman. Provided the deputy chairman can't perform or fails to perform his duties, one director jointly elected by over half of the directors shall perform the duties.

#### Article 149

Meetings of the Board of Directors shall be held at least fourth a year, which shall be

convened by the chairman of the Board of Directors by giving a notice to all directors fourteen days before the meetings are held. The Interim Board Meeting shall be informed to all directors within a reasonable period. The independent directors can report the situations directly to the Shareholders' Meeting, CSRC and other relevant authorities.

#### Article 150

In case of any of the following circumstances, the Board of Directors shall convene the Interim Board Meeting:

- (I) When the shareholders representing over one tenth of the voting power put forward a proposal;
- (II) When over one-third directors put forward a proposal;
- (III) When the Board of Supervisors puts forward a proposal;
- (IV) When the chairman of the Board of Directors thinks it necessary;
- (V) When over one-second directors put forward a proposal;
- (VI) When the general manager puts forward a proposal;
- (VII) When the securities regulatory authority requests; and
- (VIII) Other circumstances regulated by the Articles of Association.

The chairman shall convene and preside over the Board Meeting within 10 days after receiving the proposal.

#### Article 151

Notices of the Board Meeting and Interim Board Meeting shall be delivered in person, by telephone, fax, express mail service, registered mail, email or other forms of electronic communication.

#### Article 152

The notice of the Board Meeting shall contain the following content:

- (I) The date and place of the meeting;
- (II) The duration of the meeting;
- (III) The reason for the meeting and the issues to be discussed; and
- (IV) The date of notice of the meeting.

#### Article 153

If the directors have attended the meeting and haven't raised an objection to the failure of receiving the meeting notice before attending the meeting or the beginning of the meeting, it shall be deemed that the meeting notice has been sent to the directors.

#### Article 154

As a general rule, the live meeting of the board of directors shall be held. When necessary, the meeting may be held by video, telephone, fax, email or other methods upon consent of

the convener (presider) and the proponents on the premise that the directors can fully express their opinions. The Board Meeting can also be held live in combination with other means. All the directors present at the meeting shall be deemed as having attended the meeting personally.

#### Article 155

The Board Meeting can be held only when the present directors (including the entrusted directors present at the meeting in accordance with Article 157 of the Articles of Association) are more than a half.

Each director shall be entitled to one vote. Resolutions of the Board of Directors must be adopted by the affirmative vote of more than half of all the directors unless otherwise specified in the Articles of Association. The resolutions made by the Board of Directors regarding the related transactions shall take effect after being signed by the independent (non-executive) directors.

If directors have associated relationship with enterprises involved in issues to be determined in the Board Meeting, such directors shall not exercise the voting power on the resolution or exercise the voting power on behalf of other directors. The Board Meeting may be held with over one-half directors without associated relationship, and the resolutions of the Board Meeting shall be adopted by over one-half directors without associated relationship. If the unassociated directors attending the Board Meeting are less than 3 people, the issues shall be submitted to the Shareholders' Meeting for examination. When over one-fourth directors or over two external directors believe that the documents for the decision items are inadequate or the proof is indefinite, they can jointly propose to postpone the Board Meeting or part of the items discussed at the Board Meeting, and the Board of Directors shall accept the proposal.

#### Article 156

After each proposal has been fully discussed, the presider shall submit it to the directors attending the meeting for voting in real time.

In the voting on any resolution at the meeting, one director shall only have one vote. The voting shall be carried out in a registered or written manner.

The opinions of the directors for voting shall be divided into the following kinds: consent, objection or abstention. The directors attending the meeting shall choose one kind of the aforesaid opinions. If any director who has not chosen any kind of opinions or simultaneously chosen two or more kinds of opinions, the presider shall require him to make a new choice. If he refuses to do so, it shall be regarded as an abstention. If any director leaves the meeting place halfway and thus does not make a choice, it shall be regarded as an abstention.

#### Article 157



The Board Meeting shall be attended by the directors in person. If a director can't attend a meeting for any reason, he may entrust in writing another director to attend the meeting on his behalf. The power of attorney shall include the name of proxy, proxy issues, authorization scope and period of validity and shall be signed and sealed by the entrusting party.

A director who attends a meeting on behalf of another director shall exercise the rights of a director within the scope of authority granted. If a director fails to attend a Board Meeting and has not appointed a representative to attend such meeting on his behalf, he shall be deemed to have waived his voting right in respect of that meeting.

#### Article 158

In terms of the items need to be passed upon the resolutions of the Interim Board Meeting, if the Board of Directors has dispatched the contents of the proposed voting proposal to all the directors, and the number of the directors signed to agree the voting proposal has reached the numbers needed to make decisions regulated in the Article 155 of this Chapter, an effective resolutions shall be formed without convening the Board Meeting.

#### Article 159

The Board of Directors shall keep minutes of its decisions on the matters examined at the meeting. The directors attending a meeting and the person taking minutes shall sign the minutes of that meeting. The opinions of the independent directors shall be specified in the resolutions of the Board of Directors. The directors shall bear liability for the resolutions of the Board of Directors. Provided a resolution of the Board of Directors is in violation of laws, administrative regulations or the Articles of Association, thereby causing serious losses to the Company, the directors who take part in the resolution shall be liable to the Company for damages. However, provided a director can prove that he has expressed his opposition to such resolution when it is put to the vote, and that such opposition has been recorded in minutes of the meeting, the director may be relieved from such liability. Those directors abstaining from voting or failing to attend the meeting and failing to entrust other people to attend the meeting shall not be relieved from such liability. Those directors specifically raising an objection during the discussion but failing to vote against the proposal shall not be relieved from such liability.

The minutes of the Board Meeting shall be kept as file of the Company for a period of not less than 10 years.

#### Article 160

The minutes of the Board Meeting shall include the following content:

- (I) Time and location of the meeting as well as the convener;
- (II) Name of present directors and name of directors (proxies) entrusted by others to attend the meeting;
- (III) Agenda of the meeting;

- (IV) Key points of the speech of directors; and
- (V) Voting method and result of each issue to be discussed (voting result shall include votes to consent, object or abstain).

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

### Article 161

The Company shall have a secretary of the Board of Directors in charge of preparing the Shareholders' Meeting and the Board Meeting, keeping files, managing the shareholders' materials of the Company, transacting information disclosure and other matters. The Secretary of the Board of Directors shall be a member of the senior management personnel of the Company.

The secretary of the Board of Directors shall observe laws, administrative regulations, department rules and relevant provisions of the Articles of Association.

### Article 162

The secretary of the Board of Directors shall be a natural person with the necessary professional knowledge and experience. He shall be appointed by the Board of Directors.

The main duties of the secretary of the Board of Directors shall be as set forth below:

- (I) To assist the directors to deal with the daily work of the Board of Directors, constantly provide directors with laws, regulations and requirements concerning about the company operation of domestic and overseas supervision authorities; warn the directors to ensure that they are familiar with such laws, regulations and requirements; assist the directors and the manger to practically perform domestic and overseas laws, regulations, Articles of Association and other relevant regulations when they exercise their functions and powers;
- (II) To be responsible for the organization and preparation of the documents for the Board of Directors and Shareholders' Meetings, making the meeting minutes, ensuring that the policies of the meetings comply with the legal procedures, and grasping the implementation situation of the resolutions of the Board of Directors;
- (III) To be responsible for organizing and coordinating the information disclosure, coordinating the relations with the investors, and enhancing the transparency of the Company;
- (IV) To participate in the organization of the capital market financing; and
- (V) To deal with the relations with the intermediaries, the supervision authorities and the media, and keep good public relations.

The scope of duties of the secretary of the Board of Directors shall be:

- (I) To organize and prepare the Meetings of the Board of Directors and the Shareholders' Meeting; prepare the documents for the meetings; arrange relevant visits; responsible for the meeting minutes; ensure the correctness of the minutes; keep the meeting documents and minutes; and actively get the implementation situation of relevant resolutions. As for

the important issues during the implementation, report to the Board of Directors and put forward some suggestions;

(II) To ensure that the important events made by the Company's Board of Directors shall be carried out strictly in accordance with the regulations. Participate in the organization of the consultation and analysis of the events made by the Board of Directors according to the requirements of the Board of Directors, and put forward corresponding advices and suggestions. To be entrusted to conduct the daily work of the Board of Directors and relevant committees.

(III) As the contact person between the Company and the securities regulatory authorities, to be responsible for organizing, preparing and timely submitting the documents required by the supervision authorities, and to be responsible for receiving, organizing and completing relevant tasks dispatched by the supervision authorities;

(IV) To be responsible for coordinating and organizing the information disclosure of the Company, establishing and improving relevant information disclosure system, participating in relevant meetings involved in the information disclosure, and timely obtaining the major management policies and relevant information of the Company;

(V) To be responsible for the confidential work of the price-sensitive information of the shares of the Company, and formulating feasible confidential system and measures. To take necessary make-up measures for the price-sensitive information disclosure of the shares of the Company resulting from various reasons, timely interpreting and clarifying, and giving public notices to the supervision authorities of the overseas listing place and CSRC;

(VI) To be responsible for coordinating and organizing the market promotion, coordinating the visitor reception, handling the relations with the investors, keeping in contact with the investors, the intermediaries and the news media; to be responsible for coordinating and answering the questions of the social public, ensuring that the investors can timely obtain the data disclosed by the Company. Organizing and preparing the promotion and propaganda activities of the Company in domestic and overseas market, making summary reports of such activities as the market promotion and important visitors, and organizing to report relevant issues to CSRC;

(VII) To be responsible for managing and keeping the Company's register of shareholders, the register of directors, the record data of the number of holding of big shareholders and shares of the directors and the name lists of the owners of overseas listed bonds of the Company. To keep the seals of the Company and establish and improve the management methods of the seals of the Company;

(VIII) To assist the directors and the general manager to practically perform domestic and overseas laws, regulations, the Articles of Association and other relevant regulations when they exercise their functions and powers. Having the obligations to give timely warning and the rights to accurately reflect the situations to CSRC and other supervision authorities when knowing that the Company has made or possibly made any resolutions violating relevant regulations;

(IX) To coordinate and provide the Company's Board of Supervisors and other auditing authorities with necessary information data for them to perform their functions and powers of supervision, and to assist in the investigations on relevant financial officer, directors and general manager of the Company to perform their fiduciary duties; and

(X) To perform other functions and powers granted by the Board of Directors and other functions and powers required by the overseas listing place.

#### Article 163

Directors or other senior management personnel of the Company may concurrently hold the office as the secretary of the Board of Directors. No accountant of the accounting firm hired by the Company may concurrently hold the office as secretary of the Board of Directors.

If the office of the secretary of the Board of Directors is held by a director of the Company and a certain act is to be done by a director and the secretary of the Board of Directors separately, the person who concurrently holds the offices as director and secretary of the Board of Directors may not perform such act in both capacities.

## **Chapter 12 General Manager of the Company**

#### Article 164

The Company shall have one general manager who shall be nominated by the chairman of the Board of Directors, appointed or dismissed by the Board of Directors.

The Company shall have several deputy general managers, one chief financial officer and other senior management personnel to assist the general manager. The deputy general managers, chief financial officer and other senior management personnel shall be nominated by the general manager, appointed or dismissed by the Board of Directors.

The general manager, deputy general managers, chief financial officer and other senior management personnel may be taken by the members of the Board of Directors.

#### Article 165

The regulations on the faithful obligations in Article 136 and assiduous obligations in Article 137 (IV)~(VI) of the Articles of Association are also applicable to senior management personnel.

#### Article 166

The people who hold posts except for directors in the controlling shareholder unit and actual controller unit of the Company shall not hold the post of senior management personnel.

#### Article 167

The term of office of the general manager is three years and the general manager can renew his term of office through re-election.

#### Article 168

The general manager of the Company shall be accountable to the Board of Directors and shall exercise the following functions and powers:

- (I) To be in charge of the production, operation and management of the Company, organize the implementation of the resolutions of the Board of Directors and report his work to the Board of Directors;
- (II) To organize the implementation of the Company's annual business plans and investment plans;
- (III) To draft the plan for establishment of the Company's internal management organization;
- (IV) To draft the Company's basic management system;
- (V) To formulate the specific rules and regulations of the Company;
- (VI) To propose the Board of Directors to conduct the employment or dismissal of the deputy general managers, chief financial officer and other senior management personnel of the Company;
- (VII) To hire or dismiss management personnel other than those to be hired or dismissed by the Board of Directors; and
- (VIII) Other functions and powers granted by the Company's Articles of Association and the Board of Directors.

#### Article 169

The general manager of the Company shall attend the Board Meetings as non-voting delegates, but if he is not a director, he shall not have the right to vote at such meetings.

#### Article 170

The detailed working procedures for the general manager shall be prepared by the general manager and shall be implemented after approval by the Board of Directors.

#### Article 171

The detailed working procedures for the general manager shall contain the following content:

- (I) The conditions, procedures and attendees for meetings convened by the general manager;
- (II) The specific duties and allocation of duties among the general manager and other senior management personnel;
- (III) The limit of the right to use funds and assets of the Company and to sign major contracts, as well as the system of reporting to the Board of Directors and the Board of Supervisors; and
- (IV) Other matters that the Board of Directors deems necessary.

#### Article 172

In the exercise of their functions and powers, the general manager, deputy general managers and chief financial officer of the Company shall perform their faithful and assiduous duties in accordance with laws, administrative regulations and the Articles of Association.

The general manager and other senior management personnel can resign before expiration of the term of office. Specific procedures and methods on the resignation of the general manager and other senior management personnel shall be specified by the labor contract between such people and the Company.

The resignations of the Company's general manager, deputy general managers and other senior management personnel shall be notified to the Board of Directors in written form three months ahead of time. The resignations of the department managers shall be notified to the general manager in written form 2 months ahead of time.

#### Article 173

Senior management personnel shall bear the liability for compensation if losses are caused to the Company due to violating the regulations of laws, administrative regulations, department rules or the Articles of Association when implementing duties of the Company.

### **Chapter 13 Board of Supervisors**

#### Article 174

The Company shall have a Board of Supervisors.

The Board of Supervisors shall be the standing supervisory institution of the Company, and shall be responsible for the supervision on the Board of Directors and its members, the general manager and other senior management personnel so as to prevent them from misusing their powers or infringing the legal rights and interests of the shareholders, the Company and the employees of the Company.

Supervisors shall follow laws, administrative regulations and the Articles of Association and bear faithful and assiduous obligations to the Company, and shall not abuse their authorities to accept bribes or other illegal income, who may not encroach on the Company's property.

#### Article 175

The Board of Supervisors shall be composed of three persons, one of whom shall be the chairman of the Board of Supervisors.

The term of office of a supervisor shall be three years. A supervisor may serve consecutive terms if being reelected upon the expiration of his term.

The appointment and dismissal of the chairman of the Board of Supervisors shall be passed upon the resolutions of over two-third (inclusive) members of the Board of Supervisors.

The term of office of the chairman of the Board of Supervisors shall be three years. The chairman of the Board of Supervisors may serve consecutive terms if reelected upon the expiration of his term.

In the case of failure to timely re-elect the supervisors at the expiration of the term of office of supervisors or the number of supervisors of the Board of Directors less than the quorum due to supervisors' resignation during their incumbency, the incumbent supervisors shall continue performing their duties until the new supervisors assumes office according to laws, administrative regulations, department rules and the Articles of Association.

#### Article 176

The Board of Supervisors shall be composed of two shareholders' representatives and one representative of the Company's staff and workers. The shareholders' representatives shall be elected and dismissed by the Shareholders' Meeting, and the representatives of the Company's staff and workers shall be democratically elected and dismissed by the Company's staff and workers.

It shall have one chairman who shall be elected by over half of all supervisors and shall convene and preside over the Supervisors' Meeting; if the chairman of the Board of Supervisors can not or doesn't fulfill his duties, a supervisor shall be jointly elected by over half of supervisors to convene and preside over the Supervisors' Meeting.

#### Article 177

The Company's directors, general manager, deputy general managers, chief financial officer and other senior management personnel may not serve concurrently as supervisors.

#### Article 178

The Board of Supervisors shall hold a meeting at least every six months. The chairman of the Board of Supervisors shall be responsible for convening such meetings. The supervisors may put forward a proposal to hold the interim meeting.

#### Article 179

Supervisors shall ensure the truth, accuracy and integrity of the information disclosed by the Company.

#### Article 180

Supervisors may attend the Board Meeting as non-voting delegates and address inquiries or suggestions on the resolutions of the Board Meeting.

#### Article 181

Supervisors shall not utilize the associated relationship to damage the profits of the Company and shall bear the liability for compensation if losses are caused to the Company

by them.

#### Article 182

Supervisors shall bear the liability for compensation if losses are caused to the Company due to violation of laws, administrative regulations, department rules or the Articles of Association during implementation of duties of the Company.

#### Article 183

The Board of Supervisors shall be accountable to the Shareholders' Meeting and exercise the following functions and powers according to law:

- (I) To examine the Company's financial affairs;
- (II) To supervise directors, general manager, deputy general managers, chief financial officer and other senior management personnel of the Company during their performance of Company duties and put forward a proposal to dismiss the directors and senior management personnel who violate laws, administrative regulations, the Articles of Association or the resolutions of the Shareholders' Meeting;
- (III) To require directors, general manager, deputy general managers, chief financial officer and other senior management personnel of the Company to correct an act which is harmful to the Company's interests and report to the Shareholders' Meeting or relevant authorities of the state as necessary;
- (IV) To verify financial materials such as financial reports, business reports and profit distribution plans that the Board of Directors intends to submit to the Shareholders' Meeting and, if in doubt, appoint, in the name of the Company, a CPA or a practicing auditor to assist in reviewing such materials;
- (V) To propose the convening of Interim Shareholders' Meeting and convene and preside over the Shareholders' Meeting if the Board of Directors fails to implement such duties specified in the *Company Law*;
- (VI) To submit proposals to the Shareholders' Meeting;
- (VII) To represent the Company in negotiating with or instituting legal proceedings against directors and senior management personnel according to Article 152 of the *Company Law*;
- (VIII) To audit the periodical reports of the Company made by the Board of Directors and present written auditing opinions;
- (IX) To carry out investigation if abnormal situation is found in operation of the Company; if necessary, to engage professional institutions such as accounting firm and law firm to assist in its work with the expenses borne by the Company; and
- (X) Other functions and powers specified in the Articles of Association.

Supervisors shall attend the Board Meeting as non-voting delegates.

The Board of Supervisors may deliver opinions on the Company's employment of the accounting firm, may entrust another accounting firm in the name of the Company to examine the Company's financial affairs when necessary, and may report the situations to the CSRC and other relevant authorities directly.



#### Article 184

The method of discussions at the Board of Supervisors shall be voting by open ballot. The resolutions of the Board of Supervisors shall be passed upon the resolutions of over two-third (inclusive) members of the Board of Supervisors.

#### Article 185

The reasonable expenses incurred by the Board of Supervisors in the employment of professionals such as lawyers, certified public accountants and practicing auditors in the exercise of its functions and powers shall be borne by the Company.

#### Article 186

The Board of Supervisors shall formulate rules of procedure and define the discussion methods and voting procedures to ensure the working efficiency and scientific decision-making of the Board of Supervisors.

#### Article 187

The Board of Supervisors shall prepare meeting minutes of resolutions made for issues discussed at the meeting and supervisors present at the meeting shall sign their names on the meeting minutes.

Supervisors shall have the right to make an explanatory record for the speech addressed at the meeting in the minutes. The minutes of Supervisors' Meeting shall be preserved as file of the Company for at least 10 years.

#### Article 188

The notice of Supervisors' Meeting shall contain the following content:

- (1) Date, location and duration of the meeting;
- (2) Reasons and issues; and
- (3) The date on which the notice is served.

#### Article 189

Supervisors shall faithfully perform their supervisory duties in accordance with laws, administrative regulations and the Articles of Association.

## **Chapter 14 Audit Committee**

#### Article 190

The Company shall establish an Audit Committee comprising at least three members who

shall be non-executive directors. The majority of the committee shall be independent non-executive directors of the Company.

The chairman of the Audit Committee shall be taken by an independent non-executive director.

#### Article 191

The Company's Board of Directors shall affirm and approve the limits of the Audit Committee's functions and powers in written form.

#### Article 192

Responsibilities of the Audit Committee shall include:

(I) To review the drafts of the Company's annual reports and accounts, semiannual reports and other financial reports, and to provide suggestions and opinions on these for the Board of Directors of the Company. For this purpose:

(1) The members of the Committee shall connect with the Company's Board of Directors, other senior management personnel and the qualified accountants employed by the Company, and the Committee shall convene the meeting with the accounting firm of the Company at least twice a year.

(2) The Committee shall consider any important or extraordinary items reflected or needed to be reflected in such reports and accounts, and shall appropriately consider any items proposed by the compliance officer or the accounting firm of the Company.

(II) To make a self-criticism and supervise the financial reporting and internal control procedures of the Company.

#### Article 193

The Company shall keep all complete meeting minutes of the Audit Committee well.

#### Article 194

The executive directors of the Company shall ensure that the members of the Audit Committee can take and view all the account books and accounts of the Company without any restrictions, and can visit any employees of the Company, the consultants and advisers that such members wants to consult.

## **Chapter 15 Secretary of the Company**

#### Article 195

The Company shall have one secretary of the Company appointed and dismissed by the

Board of Directors. The secretary shall have necessary professional knowledge and experience considered by the directors, and shall meet the qualifications required in the *Listing Rules*.

#### Article 196

The responsibilities of the Secretary of the Company are as follows:

- (I) To guarantee that the Company has complete documents and records;
- (II) To ensure that the Company compiles and submits the reports and documents to the administrations for industry and commerce and other relevant authorities regulated in the law; and
- (III) To ensure that the Company's register of shareholders is properly kept and that persons entitled to relevant records and documents of the Company obtain such records and documents in a timely manner.

#### Article 197

Directors or other senior management personnel of the Company may hold a concurrent post as the secretary of the Company. No accountant of the accounting firm hired by the Company may hold a concurrent post as the secretary of the Company.

### **Chapter 16 Qualifications & Obligations of the Company's Directors, Supervisors, General Manager, Deputy General Managers, Chief Financial Officer and Other Senior Management Personnel**

#### Article 198

None of the following persons may serve as a director, supervisor, general manager, deputy general manager, chief financial officer or other senior management personnel of the Company:

- (I) Persons without capacity or with limited capacity for civil acts;
- (II) Persons who were sentenced for crimes for corruption, bribery, encroachment or embezzlement of property or disruption of the social or economic order where five years have not lapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime where five years have not lapsed following the serving of the sentence;
- (III) Directors, or factory directors or managers who bear personal liability for the bankruptcy liquidation of their Companies or enterprises due to mismanagement where three years have not lapse following the date of completion of such bankruptcy liquidation;
- (IV) The legal representatives of Companies or enterprises that had their business licenses

revoked for breaking the law, where such representatives bear individual liability therefore and three years have not lapsed following the date of revocation of such business licenses;

- (V) Persons with relatively heavy individual debts that have not been settled upon maturity;
- (VI) Persons whose cases have been placed on file for investigation by the judicial authorities as a result of violation of the criminal law, and have not been closed;
- (VII) Persons who may not act as leaders of enterprises by virtue of laws and administrative regulations;
- (VIII) Non-natural persons; and
- (IX) Persons ruled by a relevant organization in charge for violating securities-related regulations, where such violation involved fraudulent or dishonest acts and five years have not lapsed following the date of the ruling;
- (X) Persons banned from entering the securities market by the securities governing authority of the State Council and such sanction has not expired; and
- (XI) Other content specified by laws, administrative regulations or department rules.

#### Article 199

The validity of an act of directors, general manager, deputy general managers, chief financial officer and other senior management personnel of the Company on behalf of the Company towards a bona fide third party shall not be affected by any irregularity in his current position, election or qualifications.

#### Article 200

In addition to the obligations required by laws, administrative regulations or listing rules of the stock exchange on which the stocks of the Company are listed, the Company's directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel shall have the following obligations to each shareholder in the exercise of the functions and powers granted to them by the Company:

- (I) Not to cause the Company to act beyond the scope of business stipulated in its business license;
- (II) To act honestly in the best interests of the Company;
- (III) Not to deprive the Company of its property in any way, including (but not limited to) any opportunities that are favorable to the Company; and
- (IV) Not to deprive the shareholders of their individual rights and interests, including (but not limited to) distribution right and voting right, but the right to submit the proposal of restructuring of the Company to the adopted by the Shareholders' Meeting in accordance with the Articles of Association.

#### Article 201

The Company's directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel shall have an obligation, in the

exercise of their rights or discharge of their obligations, to perform their due acts with care, diligence and skill as a reasonable and prudent person should do under similar circumstances.

#### Article 202

The Company's directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel must, in the exercise of their duties, abide by the principles of honesty and credibility and shall not place themselves in a position where there is a conflict between their personal interests and their duties. This principle shall include (but not limited to) the fulfillment of the following obligations:

- (I) To act honestly in the best interests of the Company;
- (II) To exercise powers within the scope of their functions and powers and not to act beyond such powers;
- (III) To personally exercise the discretion granted to him, not to allow himself to be manipulated by another person and, not to delegate the exercise of his discretion to another party unless permitted by laws and administrative regulations or with the consent of the Shareholders' Meeting that has been informed;
- (IV) To be impartial to shareholders of the same category and of different categories;
- (V) Not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in the Articles of Association of the Company or with the approval of the Shareholders' Meeting that has been informed;
- (VI) Not to use the Company property for his own benefit in any way without the consent of the Shareholders' Meeting that has been informed;
- (VII) Not to use his functions and powers as a means to accept bribes or other forms of illegal income, and not to illegally appropriate Company property in any way, including (but not limited to) any opportunities that are favorable to the Company;
- (VIII) Not to accept commissions in connection with Company transactions without the consent of the Shareholders' Meeting that has been informed;
- (IX) To abide by the Articles of Association of the Company, perform his duties faithfully and protect the interests of the Company but not to seek personal gain with his position, functions and powers in the Company;
- (X) Not to compete with the Company in any way unless with the informed consent of shareholders given in Shareholders' Meeting;
- (XI) Not to embezzle Company funds or lend them to others, not to deposit Company assets in accounts opened in his own or in another's name, not to use Company assets as security for the debts of the Company shareholders or other individuals; and
- (XII) Not to disclose confidential information relating to the Company that was acquired by him during his office without the consent of the Shareholders' Meeting that has been informed, and not to use such information except in the interests of the Company; however, such information may be disclosed to the court or other government authorities if:

1. Provided by law;

2. Required in the public interest; or
3. Required in the own interest of such directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel.

#### Article 203

Directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel of the Company may not instigate the following persons or organizations (“affiliated persons”) to do what such directors, supervisors, general manager, deputy general managers, chief financial officer or other senior management personnel may not do:

- (I) The spouse or minor child of directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel of the Company;
- (II) The trustee of directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel of the Company or of any person referred in Item (I) hereof;
- (III) The partner of directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel of the Company or any person referred to in Items (I) and (II) hereof;
- (IV) The company over which any director, supervisor, general manager, deputy general manager, chief financial officer and other senior management personnel of the Company, alone or jointly with any person referred to in Items (I), (II) and (III) hereof or any other director, supervisor, general manager, deputy general manager, chief financial officer and other senior management personnel of the Company, have actual control; and
- (V) Directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel of a company being controlled as referred to in Item (IV) hereof.

#### Article 204

The obligations of good faith assumed by the Company’s directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel of the Company may not necessarily cease with the termination of their office. Their confidentiality obligation in relation to the Company’s trade secrets shall remain upon termination of their office. The term for which other obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company terminates.

#### Article 205

Directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel of the Company may be relieved from liability for a specific breach of obligations after the Shareholders’ Meeting has been informed, except

in circumstances as specified in Article 60 hereof.

#### Article 206

If a director, supervisor, general manager, deputy general manager, chief financial officer and other senior management personnel of the Company directly or indirectly have a material interest in a contract, transaction or arrangement concluded or planned by the Company (except his employment contract with the Company), he shall disclose the nature and extent of his interest to the Board of Directors at the earliest opportunity, whether or not the matter is normally subject to the approval of the Board of Directors.

Unless otherwise specified in the Articles of Association, the directors shall not vote on any resolutions of the Board of Directors to approve any contracts with important rights and interests of them or any of their affiliated persons (refer to the Listing Rules for the definition) or arrange any other suggestions, while relevant directors shall not be counted in the quorum of the meeting.

Unless the interested director, supervisor, general manager, deputy general manager, chief financial officer and other senior management personnel of the Company have disclosed such interest to the Board of Directors as required under the preceding paragraph hereof and the matter has been approved by the Board of Directors at a meeting in which he was not counted in the quorum and didn't cast a vote, the Company shall have the right to void the contract, transaction or arrangement, except the other party is a bona fide party acting without knowledge of the breach of obligation by the director, supervisor, general manager, deputy general manager, chief financial officer and other senior management personnel concerned.

A director, supervisor, general manager, deputy general manager, chief financial officer and other senior management personnel of the Company shall be deemed to have an interest in any contract, transaction or arrangement in which an affiliated person of that director, supervisor, general manager, deputy general manager, chief financial officer and other senior management personnel have an interest.

#### Article 207

If a director, supervisor, general manager, deputy general manager, chief financial officer and other senior management personnel of the Company give a written notice to the Board of Directors before the conclusion of the contract, transaction or arrangement is first considered by the Company, stating that due to the content of the notice, he has an interest in the contract, transaction or arrangement that may subsequently be made by the Company, that director, supervisor, general manager, deputy general manager, chief financial officer and other senior management personnel of the Company shall be deemed as having declared his interest for the purposes of the preceding Articles of this Chapter to the extent of the notice.

#### Article 208

The Company may not in any manner pay tax on behalf of its directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel.

#### Article 209

The Company may not directly or indirectly provide a loan or loan security for its directors, supervisors, general manager, deputy general managers, chief financial officer or other senior management personnel, those of its parent company, or affiliated persons of the above-mentioned persons.

The provisions of the preceding paragraph shall not apply to the following circumstances:

- (I) The provision of a loan or loan security by the Company for a subsidiary of the Company;
- (II) The provision of a loan or loan security or other funds by the Company to directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel of the Company under an employment contract approved by the Shareholders' Meeting, so as to enable him to pay the expenses incurred for the sake of the Company or for the performance of his Company duties; and
- (III) The provision of a loan or loan security by the Company to relevant directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel of the Company or to an affiliated person thereof on normal commercial terms, if the ordinary business scope of the Company includes the lending of money or the provision of loan security.

#### Article 210

A loan provided by the Company in violation of the preceding Article shall be immediately repaid by the recipient of the loan, regardless of the terms of the loan.

#### Article 211

The Company may not be forced to perform a loan security provided by the Company in violation of the first paragraph of Article 209, except:

- (I) When the loan is provided to an affiliated person of directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel of the Company or its parent company, the loan provider is not aware of the condition; and
- (II) The collateral provided by the Company has been lawfully sold by the loan provider to a bona fide purchaser.

#### Article 212

For the purposes of the preceding Article of this Chapter, the term "security" shall include an act whereby a guarantor assumes liability or provides property to guarantee or secure the performance of obligations by an obligator.



#### Article 213

If directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel of the Company breach their obligations to the Company, the Company shall, in addition to any rights and remedies provided by laws and administrative regulations, have a right to:

- (I) Require the relevant directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel to compensate for the losses sustained by the Company as a consequence of their dereliction of duty;
- (II) Rescind any contract or transaction concluded by the Company with the relevant directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel and contracts or transactions with a third party (when such third party is aware or should be aware that such directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel representing the Company were in breach of their obligations to the Company);
- (III) Require the relevant directors, supervisors, general manager, deputy general managers, chief financial officer or other senior management personnel to surrender the gains derived from the breach of their obligations;
- (IV) Recover any funds received by the relevant directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel that should have been received by the Company, including (but not limited to) commissions; and
- (V) Require the relevant directors, supervisors, general manager, deputy general managers, chief financial officer and other senior management personnel to return the interest earned or possibly earned on the funds that should have been given to the Company.

#### Article 214

The Company shall conclude a written contract with each director and supervisor of the Company concerning his emoluments. Such contract shall be approved by the Shareholders' Meeting before it is entered into. The above-mentioned emoluments shall include:

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

A director or supervisor may not sue the Company for his benefits due to him on the basis

of the above-mentioned matters, except under a contract as mentioned above.

#### Article 215

The Company shall specify in the contract concluded with a director or supervisor of the Company concerning his emoluments that in the event of a takeover of the Company, a director or supervisor of the Company shall, subject to prior approval of the Shareholders' Meeting, have the right to receive the compensation or other funds obtainable for loss of office or retirement. For the purpose of the preceding paragraph, the term "a takeover of the Company" shall refer to any of the following circumstances:

- (I) Anyone makes a tender offer to all the shareholders; or
- (II) Anyone makes a general offer so that the offeror becomes a controlling shareholder as defined in Article 61 hereof.

If the relevant director or supervisor has failed to comply with this Article, any fund received by him shall belong to those persons that have sold their shares as a result of their acceptance of the above-mentioned offer, and the expenses incurred in distribution of such fund on a pro rata basis shall be borne by the relevant director or supervisor and may not be deducted from this fund.

## **Chapter 17 Financial & Accounting System & Profit Distribution**

#### Article 216

The Company shall formulate its own financial and accounting systems in accordance with laws, administrative regulations and China's accounting standards formulated by the State Council's department in charge of finance.

#### Article 217

The fiscal year of the Company shall be from January 1 to December 31 of each Gregorian calendar year.

The Company adopts RMB as the accounting standard currency with the account written in Chinese.

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

#### Article 218

The Board of Directors of the Company shall submit such financial reports of the Company as required by relevant laws, administrative regulations and normative documents promulgated by the local government and the authorities to the shareholders at each Annual Shareholders' Meeting.

#### Article 219

The financial reports of the Company shall be made available for inspection by shareholders twenty days prior to an Annual Shareholders' Meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Chapter.

The Company shall send copies of the said reports to each holder of overseas listed foreign shares by prepaid mail at the recipient's address shown in the register of shareholders not later than twenty-one days before the date of every Annual Shareholders' Meeting. It can also inform the shareholders by way of publishing the notice on the Company's website and SEHK's website according to the *Listing Rules of SEHK* and following relevant procedures as well as listening to the shareholders' will.

#### Article 220

The financial statements of the Company shall be prepared in accordance with China's accounting standards, laws and regulations.

#### Article 221

The Company shall submit an annual financial report to the CSRC and the stock exchange within 4 months after the end of each fiscal year, submit a semi-annual financial report to the securities regulatory agency of the State Council and the stock exchange within 2 months after the end of the first 6 months of each fiscal year and submit a quarterly financial report to the securities regulatory agency of the State Council and the stock exchange within 1 month after the end of the first 3 months and the first 9 months of each fiscal year.

The above financial reports shall be worked out according to relevant laws, administrative regulations and provisions of the department rules.

#### Article 222

The Company shall publish two financial reports each fiscal year, namely an interim financial report within 60 days after the end of the first six months of the fiscal year and an annual financial report within 120 days after the end of the fiscal year. The Company shall publish the financial reports in accordance with the Rules Governing the Listing of Securities on SEHK.

#### Article 223

The Company may not establish any account books other than the statutory account book. The assets of the Company shall not be deposited in any account opened in the name of any person.

#### Article 224

The Company's after-tax profits shall be used in accordance with the following order:

(I) To make up for losses;

(II) To withdraw 10% of the after-tax profits as the Company's statutory common reserve fund; Where the accumulated amount of the statutory common reserve fund has exceeded 50 percent of the registered capital of the Company, the Company may make no further allocation.

(III) To withdraw 5% of the after-tax profits as the Company's statutory public welfare fund;

(IV) To withdraw the discretionary common reserve fund upon the resolutions of the Shareholders' Meeting; and

(V) To pay the dividends in respect of ordinary shares.

The Company shall not allocate the dividends or make other allocations in the form of dividends before making up for losses and withdrawing the statutory common reserve funds and statutory public welfare funds.

After the losses have been covered and the common reserve funds have been drawn, the remaining after-tax profits shall be distributed in proportion to the shares held by shareholders, except for otherwise specified in the Articles of Association.

If the Shareholders' Meeting distributes the profits to shareholders by violating the provisions of the preceding paragraph before covering losses and withdrawing the statutory common reserve funds, the profits distributed must be refunded to the Company.

No profit may be distributed from the Company's shares held by the Company.

#### Article 225

The capital reserve funds shall include the following funds:

(I) The premiums obtained from the issue of stocks in excess of the par; and

(II) Other revenue required by the State Council's department in charge of finance to be included in the capital reserve fund.

#### Article 226

The common reserve fund (refers to the statutory common reserve fund, discretionary reserve fund and capital reserve fund) of the Company shall be used for the following purposes:

(I) To make up for the losses of the Company;

(II) To expand the Company's production and operation; and

(III) To increase the Company's capital.

But the capital reserve fund shall not be used to cover the Company's losses.

When the Company converts its reserve funds into its capital upon a resolution adopted in Shareholders' Meeting, the Company shall either distribute new shares in proportion to the shareholders' number of shares, or increase the par value of each share, provided, however,

that when the statutory common reserve fund is converted to capital, the balance of the statutory common reserve fund may not fall below 25% of the registered capital.

#### Article 227

The statutory public welfare fund of the Company shall be used for the collective welfare of the Company's employees.

#### Article 228

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

Where power is taken to forfeit unclaimed dividends, that power shall not be exercised until the applicable deadline expires.

#### Article 229

The basic principles are as follows when the Company distributes the profits:

(I) The profit distribution policies of the Company shall keep consistent and steady, which shall stress the reasonable returns on investment of the investors and consider the whole interests of all shareholders and the sustainable development of the Company.

(II) When the Company makes resolutions and proofs on the profit distribution policies, the opinions of the independent directors and the public investors shall be fully considered.

(III) The Company shall give priority to cash dividends among the profit distribution modes.

#### Article 230

The details of the profit distribution policies of the Company are as follows:

(I) Form of profit distribution: The Company may distribute profits in cash, stock or the combination of cash and stock. If possible, the Company may implement medium-term profit distribution.

(II) Specific conditions and proportion of cash dividends of the Company: Except for special circumstances, the Company shall distribute dividends in cash when the Company makes a profit in that year and the accumulated undistributed profits are positive. The profits distributed in cash each year shall not be less than 10% of the distributed profits of the current year.

Specific circumstances refer to repurchase of shares and major investments.

The following standards shall be adopted for the amount required by repurchasing shares and major investments:

1. The total assets related to the transaction (If the total assets related to the transaction have book value and assessed value, the higher will prevail) in the total assets upon the latest auditing of the Company shall be over 50%;

2. The main business revenue of object of transaction (such as stock right) in the latest fiscal year in the main business revenue upon auditing in the latest fiscal year of the Company shall be over 50% with the absolute amount over RMB 50 million yuan;
  3. The net profit of object of transaction (such as stock right) in the latest fiscal year in the net profit upon auditing in the latest fiscal year of the Company shall be over 50% with the absolute amount over RMB 5 million yuan;
  4. The amount of transaction (including debts and expenses payable) in the net assets upon auditing in the latest fiscal year of the Company shall be over 50% with the absolute amount over RMB 50 million yuan; and
  5. The profit arising from transaction in the net profit upon auditing in the latest fiscal year of the Company shall be over 50% with the absolute amount over RMB 5 million yuan.
- If the data in the above index calculation is negative, the absolute value shall prevail.
- (III) Conditions of issuing stocks and dividends of the Company: Provided the Company meets the above conditions of cash dividends, it shall draft a preliminary plan for stock dividend distribution.

#### Article 231

The discussion procedures of the profit distribution plan of the Company are as follows:

- (I) The Board of Directors of the Company shall fully discuss the rationality of the profit distribution plan and make the detailed meeting minutes. The independent directors shall express their opinions on the profit distribution plan explicitly. After a special resolution of the profit distribution plan is passed, it shall be submitted to the Shareholders' Meeting for examination.
- (II) When the Company makes a profit in that year and the accumulated undistributed profits are positive, and the dividends aren't distributed in cash or the proposed cash dividend proportion doesn't reach the regulations in Article 230, the Company shall provide the network voting for the shareholders during the examination of the profit distribution plan by the Shareholders' Meeting.
- (III) Provided the Company doesn't distribute dividends in cash for the above-mentioned special circumstances in Article 230, the Board of Directors shall make a special explanation for the reason of such action, accurate purpose of retained earnings of the Company, predicted income from investment and other matters. After the independent directors express their opinions, such matters shall be submitted to the Shareholders' Meeting for examination and disclosed on the media designated by the Company.

#### Article 232

Implementation of the profit distribution plan of the Company: After the Shareholders' Meeting of the Company makes a resolution on the profit distribution plan, the Board of Directors shall complete the dividend allocation in 2 months after the convening of the Shareholders' Meeting.

#### Article 233

Change of profit distribution policies of the Company: In the case of force majeure such as war or natural disaster, any material change of the external operating environment of the Company which causes significant influence on the production and operation of the Company, or any big change of its own business of the Company, the Company shall adjust the profit distribution policies.

The Board of Directors shall hold a special discussion about the profit distribution policies of the Company to justify the reason for adjustment in detail, issue a written report and submit to the Shareholders' Meeting for approval by a special resolution after over 2/3 (inclusive) independent directors pass it through network voting.

#### Article 234

The dividends and other funds paid by the Company to the holders of domestic shares shall be valued, declared and paid in RMB. The dividends and other funds paid by the Company to the holders of foreign shares shall be valued and declared in RMB, and paid in USD. The dividends and other funds paid by the Company to the holders of overseas listed foreign shares shall be valued and declared in RMB, and paid in HKD.

#### Article 235

In case the Company pays the dividends and other funds to the holders of foreign shares, it shall be conducted in accordance with the regulations on foreign exchange management of China. Unless otherwise specified, the applicable exchange rate shall be the closing price of relevant foreign exchange published by the People's Bank of China one day before the date declaring to distribute the dividends and other funds.

#### Article 236

For the shareholder who is not contacted, if he exercises the right to stop sending the dividend warrant by mail and such dividend warrant is not withdrawn, this right shall be effective after such dividend warrant has not been withdrawn for two consecutive times. However, if such dividend warrant is returned for not being sent to the recipient at the first time, he shall also exercise the right.

For the right to sell the shares of the shareholder who is not contacted, unless specified in the following regulations, this right shall not be exercised:

- (I) Relevant shares shall have been distributed the dividends for three times in 12 years, however, no person claims for the dividends during such a period; and
- (II) The Company has published an advertisement in the newspaper after the expiration of such 12 years, indicating its intention to sell the shares, and reported to SEHK.

#### Article 237

The Company shall appoint recipient agents for holders of overseas listed foreign shares to collect on behalf of the relevant shareholders the dividends distributed and other funds

payable in respect of overseas listed foreign shares.

The recipient agents appointed by the Company shall meet the requirements of the law of the place, or the relevant regulations of the stock exchange where the shares are listed.

The recipient agents of the holders of overseas listed foreign shares listed in Hong Kong appointed by the Company shall be the trust company registered in accordance with *Trustee Ordinance* of Hong Kong.

#### Article 238

The Company shall implement an internal auditing system. It shall employ full-time auditors to carry out such internal auditing and supervision over the Company's financial income and expenses and other economic activities.

#### Article 239

The Company's internal auditing system and the obligations of the auditor shall be approved for implementation by the Board of Directors. The person in charge of auditing shall be responsible to and report to the Board of Directors.

## **Chapter 18 Employment of the Accounting Firm**

#### Article 240

The Company shall employ an independent accounting firm with "qualification to business related to securities" that complies with relevant national regulations to audit the financial statements, verify the net assets, carry out other relevant consultations, etc.

The first accounting firm of the Company may be employed by the Shareholders' Meeting. Such accounting firm shall hold office until the end of the first Annual Shareholders' Meeting.

The Shareholders' Meeting shall decide upon the employment of an accounting firm while the Board of Directors shall not appoint an accounting firm before the resolution made by the Shareholders' Meeting.

#### Article 241

The term of employment of an accounting firm employed by the Company shall be between the end of the Annual Shareholders' Meeting of the Company and the end of the next Annual Shareholders' Meeting, which shall be further extended.

#### Article 242

The Company shall provide the engaged accounting firm with truthful and complete accounting vouchers, account books, financial reports and other accounting data, and shall not refuse to do so or conceal any of them or make any false statement.



#### Article 243

The auditing expenses of the accounting firm shall be decided by the Shareholders' Meeting.

#### Article 244

An accounting firm employed by the Company shall have the following rights:

(I) The right of access at all times to the account books, records or vouchers of the Company and the right to require directors, the general manager, deputy general managers, chief financial officer or other senior management personnel of the Company to provide the relevant information and explanations;

(II) The right to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties; and

(III) The right to attend Shareholders' Meeting, to receive a notice or other information concerning any meetings of or concerning which shareholders have a right to receive a notice or other information, and to be heard at any Shareholders' Meetings on any matter which relates to it as the accounting firm of the Company.

#### Article 245

If the position of accounting firm becomes vacant, the Board of Directors may appoint an accounting firm to fill such vacancy before a Shareholders' Meeting is held. However, if there are other accounting firms holding the position of accounting firm of the Company while such vacancy still exists, such accounting firms shall continue to act.

#### Article 246

The Shareholders' Meeting may, by means of an ordinary resolution, dismiss any accounting firm prior to the expiration of its term of employment, notwithstanding anything in the contract between the accounting firm and the Company, but without prejudice to such accounting firm's right, if any, to claim damages from the Company in respect of such dismissal.

#### Article 247

The remuneration or method of remuneration of an accounting firm shall be decided upon by the Shareholders' Meeting. The remuneration of an accounting firm employed by the Board of Directors shall be determined by the Board of Directors.

#### Article 248

When the Board of Directors of the Company dismisses or does not renew the employment of an accounting firm, it shall give advance notice to the accounting firm 10 days ahead. The accounting firm shall have the right to present its views to the

Shareholders' Meeting. Where an accounting firm tenders its resignation, it shall inform the Shareholders' Meeting of whether there is any irregularity in the Company.

The employment, dismissal or refusal of the renewal of the employment of an accounting firm shall be decided by the Shareholders' Meeting and reported to the securities governing authority of the State Council for the record.

When the Shareholders' Meeting is to make any resolution concerning the appointment of an accounting firm which is not an incumbent firm to fill a casual vacancy in the office of the accounting firm, re-appoint an accounting firm which was appointed by the Board of Directors of the Company to fill a casual vacancy, or remove the accounting firm before the expiration of its term of office, the following provisions shall apply:

(I) A copy of the proposal of employment and dismissing shall be sent before notice of the Shareholders' Meeting is given to the accounting firm proposed to be appointed or proposing to leave its post, or the accounting firm which has left its post in the relevant fiscal year.

Leaving includes leaving by removal, resignation and retirement.

(II) If the accounting firm leaving its post makes representations in writing and requests the Company to notify such representations to the shareholders, the Company shall take the following measures unless the representations are received too late:

1. To state the fact of the representations having been made in any notice of the resolutions given to shareholders; and

2. To deliver a copy of the representations to each shareholder who is entitled to receive the notice of Shareholders' Meeting in the way regulated in the Articles of Association.

(III) If the accounting firm's representations are not sent in accordance with Item (II) hereof, the relevant accounting firm may require that the representations be read out at the meeting and may make further appeals.

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

1. The Shareholders' Meeting at which its term of office would otherwise have expired;

2. Any Shareholders' Meeting at which it is proposed to fill the vacancy caused by its removal; and

3. Any Shareholders' Meeting convened on its resignation.

An accounting firm which is leaving its post shall be entitled 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 249

An accounting firm may resign its office by depositing at the Company's legal address a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include one of the

following statements:

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.

Where a notice is deposited as mentioned in the preceding paragraph, the Company shall within fourteen days send a copy of the notice to the relevant governing authority. If the notice contains a statement under Item (II) hereof, a copy of such statement shall be placed at the Company for the inspection of shareholders. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas listed foreign shares at the address registered in the register of shareholders. It can also inform the shareholders by way of publishing the notice on the Company's website and SEHK's website according to the *Listing Rules of SEHK* and following relevant procedures as well as listening to the shareholders' will.

Where the accounting firm's notice of resignation contains a statement of any circumstance which should be brought to the notice of the shareholders or creditors of the Company, it may require the Board of Directors to convene the Interim Shareholders' Meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

## **Chapter 19 Insurance**

### Article 250

Any insurances of the Company shall be insured in accordance with the provisions of relevant Insurance Laws of China and shall be determined upon the discussion of the Board Meetings of the Company.

## **Chapter 20 Labor & Personnel System**

### Article 251

According to the Company's business development, the Company shall independently recruit and dismiss the employees within the scopes regulated by relevant laws and regulations of the state.

### Article 252

The Company shall determine its labor salary system and mode of payment in accordance with relevant regulations of the state, the Articles of Association and the Company's economic benefits.

Article 253

The Company shall strive to improve the welfare and treatments of the employees, and constantly improve the working and living conditions of the employees.

Article 254

The Company shall withdraw the medical treatment, retirement and unemployment insurance funds and establish the labor insurance system in accordance with the provisions of relevant laws and regulations of the state.

## **Chapter 21 Trade Union Organization**

Article 255

In accordance with the *Trade Union Law of the People's Republic of China*, the employees of the Company have the rights to organize the Trade Union in accordance with laws, carry out Trade Union activities, and protect the legal benefits of the employees.

The activities organized by the Trade Union shall be carried out other than normal business time, except those with special regulations of the Board of Directors.

The Company shall provide the Trade Union of the Company with necessary conditions for activities.

## **Chapter 22 Merger & Division of the Company**

Article 256

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

Holders of overseas listed foreign shares shall be served with copies of the above-mentioned document by mail. The address of the receiver shall be subject to the address registered in the register of shareholders. It can also inform the shareholders by way of publishing the notice on the Company's website and SEHK's website according to

the *Listing Rules of SEHK* and following relevant procedures as well as listening to the shareholders' will.

#### Article 257

Merger of the Company may take the form of merger by absorption and merger by new establishment.

In case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In case of merger by new establishment, two or more companies merge into a new one and the parties to the merger are dissolved.

For merger of companies, the parties to the merger shall enter into a merger agreement and prepare balance sheets and a property list. The Company shall notify its creditors within a period of ten days from the date on which the merger resolution is passed and publish an announcement of the merger at least three times in the newspaper within thirty days from that date. The creditors shall, within 30 days as of the receipt of a notice or within 45 days as of the issuance of the public announcement if they fail to receive a notice, be entitled to require the company to clear its debts or provide corresponding guarantees.

Upon completion of the merger, the company that exists or the newly established company shall succeed to the claims and debts of the parties to the merger.

#### Article 258

If the Company is to be divided, its property shall be divided accordingly.

For division of the Company, the parties to the division shall enter into a division agreement and prepare balance sheets and a property list. The Company shall notify its creditors within a period of ten days from the date on which the division resolution is passed and publish an announcement of the division at least three times in the newspaper within thirty days from that date.

The post-divided companies shall bear joint and several liabilities for the debts of the former company before it is divided, unless otherwise prescribed by the written agreement between the Company and the creditors before the division with regard to the clearance of debts.

#### Article 259

Provided the merger or division of the Company includes a change in registered particulars, such change shall be registered with the Company registry according to law. Provided the Company is dissolved, it shall cancel its registration according to law. Provided a new company is established, its establishment shall be registered according to law.

## **Chapter 23 Dissolution & Liquidation of the Company**

### Article 260

The Company shall be dissolved and liquidated according to law in any of the following circumstances:

- (I) The term of business as stipulated in the Articles of Association expires or any other matter so stipulated in the Articles of Association that leads to dissolution of the company occurs;
- (II) The Shareholders' Meeting resolves to dissolve the Company;
- (III) Dissolution is necessary as a result of the merger or division of the Company;
- (IV) Its business license is revoked or it is ordered to close down or cancel according to law;
- (V) When the Company meets any serious difficulty in its operation and management so that the interests of the shareholders will suffer heavy losses if it continues to exist, which can't be solved by any other means, the shareholders who hold over 10% of the voting powers of all shareholders of the Company may request the People's Court to dissolve the Company; and
- (VI) The Company is declared bankruptcy due to failure to clear the matured debts according to law.

### Article 261

When any of the circumstances prescribed in Item (I) of Article 260 of the Articles of Association occurs, the Company may continue to exist by modifying the Articles of Association.

It shall be approved by over two thirds of voting powers held by shareholders present at the Shareholders' Meeting to modify the Articles of Association according to the provisions of the preceding paragraph.

### Article 262

When the Company is to be dissolved pursuant to Items (I), (II), (IV) and (V) of Article 272, it shall establish a liquidation group within fifteen days. The members of such liquidation group shall be determined by the Shareholders' Meeting by way of an ordinary resolution. The liquidation group shall comprise directors or other people determined by the Shareholders' Meeting. If no liquidation group is formed within the time limit, the creditors may request the People's Court to designate relevant persons to form a liquidation group to carry out liquidation.

When the Company is to be dissolved pursuant to Item (VI) of Article 260, the People's Court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation group to carry out liquidation.

#### Article 263

If the Board of Directors decides that the Company should be liquidated (except the liquidation as a result of company's declaration of bankruptcy), the notice of the Shareholders' Meeting convened for this purpose shall include a statement to the effect that the Board of Directors has made full inquiries into the situation of the Company and holds the opinion that the Company can pay its debts in full within twelve months after the beginning of liquidation.

The functions and powers of the Board of Directors shall terminate immediately after the Shareholders' Meeting has adopted a resolution to carry out liquidation.

The liquidation group shall take instructions from the Shareholders' Meeting, and make a report to the Shareholders' Meeting at least once a year on the committee's income and expenditure, the business of the Company and the progress of the liquidation. It shall make a final report to the Shareholders' Meeting when the liquidation is completed.

#### Article 264

The liquidation group shall notify the creditors within ten days from the date of its establishment and publish an announcement of the liquidation at least three times in the newspaper within sixty days.

The creditor shall report the creditor's rights to the liquidation group within thirty days after he receives the notice. In case that any creditor doesn't receive the notice, he shall report his creditor's rights to the liquidation group within ninety days from the date of the first announcement. Any creditor who declares his creditor's rights shall state relevant items of the creditor's rights and shall provide materials as evidence. The liquidation group shall register the creditor's rights. During the period of declaration, the liquidation group shall not clear the debts of creditors.

#### Article 265

The liquidation group shall exercise the following functions and powers during liquidation:

- (I) Thoroughly liquidate the property of the Company and prepare a balance sheet and property list respectively;
- (II) Notify creditors by a notice or public announcement;
- (III) Dispose of and liquidate relevant unsettled business of the Company;
- (IV) To pay off tax arrears and taxes incurred in the process of liquidation;
- (V) Clear claims and debts;
- (VI) Dispose of the property left after full payment of the Company's debts; and
- (VII) Participate in civil litigation on behalf of the Company.

#### Article 266

After the liquidation group has thoroughly liquidated the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit

such plan to the Shareholders' Meeting or relevant authorities in charge for confirmation.

The remaining property of the Company, after paying the liquidation expenses, salaries of employees, social insurance premiums, legal compensations, tax arrears and debts of the Company, may be distributed in proportion to the shares held by the shareholders.

During the period of liquidation, the Company continues to exist, but may not carry out any business operation irrelevant with liquidation. The property of the Company shall not be distributed to any shareholders before clearing the debts as stated in the preceding paragraph.

#### Article 267

If the Company is liquidated due to dissolution and the liquidation group, having thoroughly examined the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, the liquidation group shall immediately apply to the people's court for a declaration of bankruptcy.

After the People's Court has ruled to declare the Company bankrupt, the Company's liquidation group shall refer the liquidation matters to the People's Court.

#### Article 268

Following the completion of liquidation, the liquidation group shall formulate a liquidation report, revenue and expenditure statement and financial account book in respect of the liquidation period and, after verification thereof by a Chinese CPA, submit the same to the Shareholders' Meeting or the relevant authorities in charge for confirmation.

Within thirty days from the date of confirmation of the above-mentioned documents by the Shareholders' Meeting or the relevant authorities in charge, the liquidation group shall deliver the same to the company registry, apply for cancellation of the Company's registration and publicly announce the Company's termination.

#### Article 269

The members of the liquidation group shall devote themselves to their duties and fulfill their obligations of liquidation according to law.

The members of the liquidation group shall not abuse their authorities to accept bribes or other illegal income, and may not encroach on the Company's property.

Provided the members of the liquidation group cause any loss to the Company or any creditor by intention or due to gross negligence, they shall bear the liability for compensation.

#### Article 270

When the Company is declared bankrupt according to law, bankruptcy liquidation shall be



carried out in accordance with that concerning enterprise bankruptcy.

## **Chapter 24 Procedures for Amending the Articles of Association**

### Article 271

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

The Company shall amend the Articles of Association in case of any of the following circumstances:

- (I) After the *Company Law* or relevant laws and administrative regulations are amended, the Articles of Association is in conflict with them;
- (II) The Company's situation changes, causing inconsistency with the provisions of the Articles of Association; and
- (III) The Shareholders' Meeting decides to modify the Articles of Association.

### Article 272

The amendments to the Articles of Association shall comply with the following procedures:

- (I) The Board of Directors shall put forward a proposal for the amendments to the Articles of Association;
- (II) To provide the content of the above-mentioned proposal for the shareholders and convene the Shareholders' Meeting; and
- (III) To be passed by two thirds of the shareholders with the voting power attending the Shareholders' Meeting.

### Article 273

The Board of Directors shall amend the Articles of Association according to the resolution to amend the Articles of Association adopted at the Shareholders' Meeting as well as the examination and approval opinions of relevant authorities in charge.

### Article 274

Provided an amendment to the Company's Articles of Association involves matters specified in the *Prerequisite Clauses*, it shall become effective after being passed by the departments authorized by the State Council to examine and approve companies and the securities governing authorities of the State Council; where an amendment to the Company's Articles of Association involves matters of company registration, the registration shall be altered according to law.

### Article 275

If an amendment to the Articles of Association is information that needs to be disclosed

according to laws and regulations, announcement shall be made as prescribed.

## **Chapter 25 Settlement of Disputes**

### Article 276

The Company shall comply with the following rules for settlement of disputes:

(I) If any dispute or claim concerning the Company's business on the basis of the rights or obligations specified in the Articles of Association of the Company or in the *Company Law* or other relevant laws or administrative regulations arises between a holder of overseas listed foreign shares and the Company, between a holder of overseas listed foreign shares and a director, a supervisor, the general manager, deputy general manager, chief financial officer or other senior management personnel of the Company, between a holder of overseas listed foreign shares and a holder of domestic shares, or between a holder of overseas listed foreign shares and a holder of foreign shares, the parties concerned shall submit the dispute or claim for arbitration.

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

Disputes concerning the definition of shareholders and the register of shareholders shall not be required to be settled by means of arbitration;

(II) A dispute or claim submitted for arbitration may be arbitrated, at the option of the arbitration applicant, either by China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or by Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. After the arbitration applicant has submitted the dispute or claim for arbitration, the other party must carry out arbitration in the arbitration institution selected by the applicant.

If the arbitration applicant opts for arbitration by the Hong Kong International Arbitration Centre, either party may request arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre;

(III) Unless otherwise specified by laws or administrative regulations, the laws of the People's Republic of China shall apply to the settlement by means of arbitration of disputes or claims referred to in Item (I).

(IV) The award of the arbitration institution shall be final and binding upon each party.

## Chapter 26 Notice & Announcement

### Article 277

Notices of the Company shall be delivered in the following forms:

- (I) By specially assigned person;
- (II) By mail (including email);
- (III) By announcement; and
- (IV) By other forms such as fax.

### Article 278

Where a notice of the Company is delivered in the form of an announcement, then it shall be considered that all relevant persons have received notice as of the issuance of the announcement.

### Article 279

The notice for convening the Shareholders' Meeting shall be delivered by specially assigned person, mail (including email), announcement or fax.

### Article 280

The notice for convening the Board Meeting shall be delivered by specially assigned person, mail (including email), announcement or fax.

### Article 281

The notice for convening the Supervisors' Meeting shall be delivered by specially assigned person, mail (including email), announcement or fax.

### Article 282

For a notice of the Company delivered by specially assigned person, the addressee shall sign (or affix his seal) on the return receipt of service and the date of his signature shall be the date of service. For a notice of the Company delivered by mail, the date of the service shall be the first working day from delivery to the post office. For a notice of the Company delivered by announcement, the date of service shall be the first day of the publishing of the announcement.

### Article 283

If the meeting notice is not delivered to, or received by, a person who has a right to get such a notice due to an accidental omission, the meeting and resolutions adopted at such a meeting shall not be considered invalid because of that cause.

### Article 284

After the A shares are listed, the Company shall designate [ ] and [ ] as the media to

publish the announcements and other information required to be disclosed by the Company.

#### Article 285

Unless otherwise specified in the Articles of Association, the notices, materials or written statements sent to the holders of overseas listed foreign shares by the Company shall be sent to the address registered in each register of holders of overseas listed foreign shares by specially assigned person, or sent to each holder of overseas listed foreign shares by prepaid mail. It can also inform the shareholders by way of publishing the notice on the Company's website and SEHK's website according to the *Listing Rules of SEHK* and following relevant procedures as well as listening to the shareholders' will.

#### Article 286

When the notice is sent by way of mail, the address shall be written clearly on the envelope enclosing the notice and sent in the form of prepaid mail. Unless otherwise specified in the Articles of Association, the letter of the notice shall be deemed as being received by the shareholders five days after the letter is sent.

#### Article 287

Any notices, documents, materials or written statements issued by the shareholders or directors to the Company shall be sent by specially assigned person or sent by registered mail to the legal address of the Company.

#### Article 288

In order to prove that such notices, documents, materials or written statements have already been sent, the shareholders or directors shall provide evidence to prove that such notices, documents, materials or written statement have been sent within the specified delivery time in the normal way or by way of prepaid mail to the correct address of the Company.

## **Chapter 27 Supplementary Provisions**

#### Article 289

Definition:

(I) The actual controller refers to the person who is not a shareholder of the Company but could dominate the performance of the Company effectively through investment relationship, agreement or other arrangement.

(II) The associated relationship refers to the relationship between the controlling shareholders, actual controllers, directors, supervisors, senior management personnel and

companies directly or indirectly controlled by them and other relationship which may lead to profit transfer of the Company. However, state-controlling enterprises shall not be deemed to have associated relationship only because they are under the same control by the state.

#### Article 290

The Board of Directors shall draft the detailed rules and regulations of the Articles of Association, which shall not violate the regulations of the Articles of Association.

#### Article 291

The Articles of Association shall be written in Chinese. In case of any discrepancy between the Articles of Association made in any other languages or prepared in different versions and the Articles of Association, the Articles of Association of the latest Chinese version approved by and filed in Shandong Administration for Industry and Commerce shall prevail.

#### Article 292

The terms of “over”, “within” and “no more than” herein shall be inclusive of the number itself; and the terms of “under”, “beyond”, “below” and “more than” shall be exclusive of the number itself.

#### Article 293

The meaning of “accounting firm” mentioned in the Articles of Association shall be the same with that of the “auditor” and the meaning of “independent director” shall be the same with that of the “independent non-executive director”.

#### Article 294

The interpretation of the Articles of Association is vested in the Board of Directors of the Company.

#### Article 295

The Articles of Association shall come into effect after being approved by the Department of Commerce of Shandong Province. For those concerning the issuance of A shares by the Company upon the approval of CSRC and relevant matters after the shares are listed on the stock exchange, they shall be implemented on the date when the shares publicly issued by the Company pass the examination and are listed on the stock exchange.

#### Article 296

Provided the Articles of Association go against laws, administrative regulations and department rules of the state, the latter shall prevail.

Article 297

The annexes attached hereto include the rules of procedure of the Shareholders' Meeting, the rules of procedure of the Board of Directors and the rules of procedure of the Board of Supervisors. If there is any inconformity or conflict between the annexes and the Articles of Association, the Articles of Association shall prevail.